



**Fountain Set (Holdings) Limited**  
**Terms of Reference for the Remuneration Committee**  
**(Effective Date: 1 September 2005)**

**1. Membership**

The Remuneration Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three members. Majority should be Independent Non-Executive Directors.

The Chairman of the Remuneration Committee shall be appointed by the Board and should be an Independent Non-Executive Director.

An appropriate officer of the Company appointed by the Board shall be the secretary of the Remuneration Committee.

**2. Attendance at meetings**

A quorum shall be three members.

**3. Frequency of meetings**

Meetings shall be held not less than once a year.

**4. Authority**

The Remuneration Committee is authorised by the Board to perform duties within its terms of reference. It is authorised to seek any information it requires from any employee and to consult the Chairman and/or chief executive officer. All employees are directed to co-operate with any request made by the Remuneration Committee.

The Remuneration Committee should be provided with sufficient resources to discharge its duties. The Remuneration Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

**5. Duties**

- (a) to make recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing on such remuneration;
- (b) to determine the specific remuneration packages of all Executive Directors and senior management, including benefits in kind,



pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of Non-Executive Directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;

- (c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (d) to review and approve the compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- (e) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (f) to ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- (g) to advise shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval.

## 6. Reporting procedures

Full minutes of Remuneration Committee meetings should be kept by a duly appointed secretary of the meeting. Draft and final versions of minutes of the Remuneration Committee meetings should be sent to all members of the Committee for their comment and records respectively, in both cases within a reasonable time after the meeting. The secretary shall circulate the minutes of the meetings and reports of the Remuneration Committee to all members of the Board.