

Excel

TECHNOLOGY

EXCEL TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED

(志鴻科技國際控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8048)

Terms of Reference for the Remuneration Committee

The Company has established a Remuneration Committee on 10 May 2005 with written terms of reference.

Pursuant to the issuance of the Corporate Governance Code and Corporate Governance Report (the “Code”) under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (“GEM Listing Rules”), the board of directors (“the Board”) of the Company has adopted with effect from 21 March 2012 these revised terms of reference of the Remuneration Committee in accordance with such Code.

1. Membership

- 1.1 Members of the Remuneration Committee shall be appointed by the Board of the Company.
- 1.2 The majority of the members of the Remuneration Committee must be independent non-executive directors (“INEDs”).
- 1.3 The Chairman of the Remuneration Committee shall be appointed by the Board and must be an INED.
- 1.4 The Company Secretary of the Company shall act as the secretary of the Remuneration Committee.

2. Proceedings of the Meetings

2.1 Quorum

- 2.1.1 The quorum for meetings of the Remuneration Committee shall be any two members.

** For identification purpose only*

2.2 Frequency of Meetings

2.2.1 The Remuneration Committee shall hold at least one regular meeting in a year. Additional meetings of the Remuneration Committee may be held as and when required.

2.3 Attendance at Meetings

2.3.1 Members of the Remuneration Committee may attend meetings of the Remuneration Committee either in person or through other electronic means of communication or in such other manner as the members may agree.

2.3.2 At the invitation of the Remuneration Committee, the Chairman of the Board and/or Managing Director, external advisers and other persons may be invited to attend all or part of any meetings.

2.3.3 Only Members of the Remuneration Committee are entitled to vote at the meetings.

2.4 Notice of Meetings

2.4.1 A meeting of the Remuneration Committee may be convened by any of its members or by the company secretary.

2.4.2 Unless otherwise agreed by the members of the Remuneration Committee, notice of at least 14 days shall be given for a regular meeting of the Remuneration Committee. For all other meetings of the Remuneration Committee, reasonable notice shall be given.

2.4.3 Agenda and accompanying supporting papers shall be sent to all members of the Remuneration Committee and to other attendees as appropriate at least 3 days before the date of the meeting (or such other period as the members may agree).

2.5 Minutes of Meetings

2.5.1 Draft and final versions of minutes of Remuneration Committee Meetings shall be sent to all Remuneration Committee members for their comment and records within a reasonable time after the Meeting.

2.5.2 Minutes of the Remuneration Committee shall be kept by the Company Secretary and shall be available for inspection by any member of the Remuneration Committee or the Board at any reasonable time on reasonable notice.

2.6 Written resolutions

2.6.1 Without prejudice to any requirement under the GEM Listing Rules, written resolution may be passed and adopted by all members of the Remuneration Committee.

3. Annual General Meeting

3.1 The Chairman of the Remuneration Committee or in his absence, another member of the Remuneration Committee or failing this, his duly appointed delegate, shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the Annual General Meeting on the Remuneration Committee's work and responsibilities.

4. Responsibilities, Powers and Functions

The Remuneration Committee shall have the following responsibilities, powers and functions:

4.1 to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

4.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

4.3 Either:

(i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or

(ii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4.4 to make recommendations to the Board on the remuneration of non-executive directors;

4.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

4.6 to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- 4.7 to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- 4.8 to ensure that no director or any of his associates is involved in deciding his own remuneration.

5. Authority

- 5.1 The Remuneration Committee shall consult the Chairman of the Board and/or Managing Director about their remuneration proposals for other executive Directors and senior management.
- 5.2 The Remuneration Committee is authorised by the Board to seek any remuneration related information it requires from senior management of the Company in order to perform its duties.
- 5.3 The Remuneration Committee is authorised by the Board where necessary to have access to independent professional advice.
- 5.4 The Remuneration Committee shall be provided with sufficient resources to perform its duties.

6. Reporting Procedures

- 6.1 The Remuneration Committee should report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Remuneration Committee, the Chairman of the Remuneration Committee shall report to the Board on the findings and recommendations of the Remuneration Committee.

7. Publication of the Terms of Reference

- 7.1 The terms of reference will be posted on the websites of the Company and The Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. A copy of the terms of reference will be made available to any person without charge upon request.