



HENGXIN TECHNOLOGY LTD.
亨鑫科技有限公司*
(the “Company”)

**AMENDED AND RESTATED
TERMS OF REFERENCE OF
REMUNERATION COMMITTEE**

1. CONSTITUTION

The Remuneration Committee (“RC”) has been established by a resolution of the Board of Directors (the “Board”) passed on 2 May 2006.

2. ROLES AND FUNCTIONS

2.1 There should be a formal, transparent and objective procedure for fixing the remuneration policies and packages of individual directors and senior management and for implementing and administering the Company’s share option scheme (if any) (the “Share Option Scheme”) giving recognition to the contributions made by the confirmed full-time employees and directors.

To achieve this objective, the functions of the RC shall be:

- (i) To recommend to the Board a framework of remuneration for the Board and executive officers, and to determine remuneration packages for individual senior management officer(s) and executive director(s); such recommendations to be submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to director’s fees, salaries, allowances, bonuses, options, retirement rights and compensation and benefits in kind.
- (ii) To review the remuneration packages of all managerial staff who are related to any of the executive directors or the chief executive officers.
- (iii) To make recommendations to the Board on the remuneration of non-executive directors.
- (iv) To review and approve the remuneration packages of the management of the Company by reference to corporate goals and objectives resolved by the Board from time to time.
- (v) In the case of service contracts, to consider what compensation commitments the directors’ and senior management officers’ contracts of service, if any, would entail in the event of early

* For identification purpose only

termination with a view to be fair and avoid rewarding poor performance and to ensure that it is consistent with contractual terms and is otherwise fair and not excessive for the Company.

- (vi) To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they consistent with contractual terms and are otherwise reasonable and appropriate.
- (vii) To ensure that no director or any of his associates is involved in deciding his own remuneration.
- (viii) To recommend to the Board in consultation with senior management and the Chairman of the Board, any long term incentive scheme.
- (ix) In respect of any share option schemes as may be implemented, to consider whether directors should be eligible for benefits under such incentive schemes.
- (x) To ensure that any director or his affiliates shall not determine his own remuneration.
- (xi) To recommend shareholders on the appointment of directors whose service contracts shall be disclosed under the listing rules of the SEHK.
- (xii) To consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary.
- (xiii) To report to the Board summarizing the work performed by the RC members in carrying out their functions.
- (xiv) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.
- (xv) To formulate remuneration policy for approval by the Board.

3. APPOINTMENT

- 3.1 The RC shall be appointed by the Board from amongst its members. The RC shall comprise not less than three (3) members, a majority shall be independent non-executive directors. At least one (1) member of the RC should have broad business experience, and if there is a need, expert professional advice may be obtained internally or externally.
- 3.2 The Chairman shall be elected by the members of the RC and shall be an independent non-executive director. The members may determine the period for which the Chairman is to hold office.

- 3.3 If a member, for any reason, ceases to be a member, the Board shall within three (3) months of that event, appoint a new member having such qualifications so that the number of members does not fall below three (3).
- 3.4 A member who wishes to retire or resign from the RC shall notify the Board in writing, giving at least one (1) month's notice.
- 3.5 The office of a member shall become vacant upon the member's resignation or retirement or removal or disqualification as a Director of the Company.

4. ADMINISTRATION

4.1 Meetings

- (i) The meetings of the RC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting provided that all decisions made are confirmed in writing by all members who participated in the said telecommunication discussion.
- (ii) The RC shall hold at least one (1) meeting per year. Special meetings may be called, when necessary, by any member of the RC or the Secretary of the RC.
- (iii) The Chairman of the RC, failing whom a member of the RC, shall preside at each meeting. If at any meeting the Chairman of the RC or the nominated Chairman of meeting is not present within 10 minutes after the time appointed for holding the meeting, the members present may choose another member of the RC to act as the Chairman of the meeting.
- (iv) The RC shall have full discretion with regard to the calling of the meetings and the proceedings thereat and may invite any director or management to their meetings.
- (v) The Company Secretary, failing whom his/her representative, shall be the Secretary for all meetings. The minutes of meeting shall be prepared by the Company Secretary. The final draft shall be confirmed by the Chairman of the meeting and circulated to all members of the RC. The minutes are to be signed by the Chairman of the meeting or by the Chairman of the next succeeding meeting.
- (vi) The minutes of proceedings of and resolutions passed at meetings of the RC shall be kept by the Secretary of the RC. Any director can review the minutes with reasonable notice and within reasonable time.

4.2 Notice

The notice of each meeting of the RC, confirming the venue, time, date and agenda shall other than under exceptional circumstances, be forwarded to each member of the RC as and when practicable prior to the date of the meeting.

4.3 Quorum

The quorum shall be two (2) members, including at least one independent non-executive director.

4.4 Voting

Each member present shall have one (1) vote. All matters to be resolved at any meeting of the RC shall be decided by a majority of votes of the RC members present and voting (the decision of the RC shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration). In the event of a deadlock, the Chairman of the meeting shall have a casting vote.

4.5 Written resolutions

A resolution in writing signed by all the members of the RC shall be as valid and effectual as if it had been passed at a meeting of the RC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members. The expressions “in writing” and signed include approvals by facsimile, telex, cable or telegram.

4.6 Reporting

The Chairman of the RC shall report on the proceedings of the RC to the Board by way of submission of minutes of the RC meetings or by such other mode as the Chairman shall in their discretion deem fit.

4.7 Disclosure of Interest

Any member of RC shall disclose his personal financial interest in any matter relating to the decisions of RC, or any potential conflict of interests incurred by RC’s decision. Members who has a personal interest involved in those potential conflict of interests shall abstain from voting, participating or discussing those resolution determined by RC, or submit his resignation upon the Board’s requests.

4.8 Independent Professional Advice

The RC is authorised by the Board to obtain independent professional advice at the Company’s expense whenever deemed necessary.

The RC should be given sufficient resources to perform its duties.

5. UPDATE OF TERMS OF REFERENCE

- 5.1 These Terms of Reference of the RC have been drawn up in compliance with the applicable statutory and regulatory requirements of Hong Kong for the time being in force, in particular, the continuing listing rules of the SEHK.
- 5.2 The Terms of Reference shall be approved by the Board. On an annual basis, the RC will review and re-assess the adequacy of these Terms of Reference and any required revisions will be approved by the Board.