



**南海控股有限公司\***  
NAN HAI CORPORATION LIMITED

*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 680)

**Terms of Reference of Remuneration Committee**

**Constitution**

1. The board of directors (the “Board”) of Nan Hai Corporation Limited (the “Company”) hereby resolves to establish a Committee of the Board to be known as the Remuneration Committee (the “Committee”).

**Membership**

2. The members of the Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company and shall consist of not less than three members (a majority of Independent Non-Executive Directors). A quorum shall be two members.
3. The Chairman of the Committee shall be appointed by the Board.

**Attendance at Meetings**

4. Other Board members shall have the right of attendance.
5. The company secretary shall be the secretary of the Committee.

**Frequency of Meetings**

6. Meetings shall be held not less than once a year.

**Form of Meetings**

7. Any member of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities that permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

**Authority**

8. The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
9. The Committee is authorized 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.

**Duties**

10. The duties of the Committee shall include:-
  - (a) 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;

\* *For identification purpose only*

- (b) to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
- (c) 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;
- (d) to make recommendations to the board on the remuneration of non-executive directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (f) 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;
- (g) 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; and
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration.

**Circulation of Minutes**

11. The secretary of the Committee shall circulate the minutes of meetings of the Committee to all members of the Board of Directors.