

**CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED**  
(the “**Company**”)

TERMS OF REFERENCE  
OF  
THE REMUNERATION COMMITTEE  
(the “**Committee**”)

The Code of Corporate Governance 2005 of Singapore (the “**Singapore Code**”) issued by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the Code on Corporate Governance Practices (the “**HK Code**”, and together with the Singapore Code collectively referred to as the “**Codes**”) under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) require companies listed on the SGX-ST and The Stock Exchange of Hong Kong Limited to set up a remuneration committee which reports to the board of directors.

Set out below are the terms of reference of the Committee, including its authorities and duties as well as the procedure regulating the conduct of its meetings.

In the event of any conflict between the provisions of the terms of reference contained herein and the provisions of the Codes, the provisions of the Codes shall prevail and the terms of references of the Committee set out hereunder shall be deemed amended to such extent as may be necessary to remove such conflict.

**1. Constitution and Authority**

1.1 The Committee is constituted by resolutions of the board of directors of the Company (the “**Board**”) pursuant to the Company’s Articles of Association.

1.2 The Committee shall have the authority to:

- (a) establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors of the Company (each a “**Director**”), provided that no Director shall be involved in deciding his own remuneration;
- (b) take such action within its terms of reference as it deems fit, having regard to the principles of corporate governance and the Codes, including but not limited to requiring information from the officers and employees of the Company;
- (c) seek such external legal, financial or other professional advice within or outside the Company to enable it to discharge its duties as it considers necessary; and
- (d) consider such other matters as defined or assigned by the Board from time to time.

1.3 The Committee shall be provided with sufficient resources to discharge its duties.

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## **2. Membership**

- 2.1 The members of the Committee shall consist of not less than three members appointed by the Board from amongst its members.
- 2.2 The Committee shall comprise entirely of non-executive Directors, with the majority of the members (including the Chairman of the Committee) being independent non-executive Directors.
- 2.3 The members of the Committee shall not have personal financial interest (other than being a shareholder of the Company) and conflicts of interest arising from cross-directorships.
- 2.4 The term of membership will be one year from the date of appointment subject to renewal and shall be governed by the provisions of the Articles of Association of the Company (as amended from time to time).
- 2.5 A member who wishes to retire or resign from the Committee shall notify the Board by giving at least one month's notice in writing.
- 2.6 The office of a member shall become vacant upon the members' resignation, retirement, removal or disqualification as a Director.
- 2.7 The Board shall fill any vacancy in the Committee within two months of the vacancy arising, and in any event, no later than three months.
- 2.8 No alternate member of any member of the Committee can be appointed.
- 2.9 The Company Secretary of the Company shall be the secretary of the Committee.

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## **3. Responsibility**

The Committee is to review and formulate policies in respect of the remuneration structure for all Directors and senior management of the Company (“**Senior Management**”) and make recommendations to the Board for its consideration. For the purpose of these terms of reference, Senior Management refers to the same category of persons as referred to in the Company's annual report and required to be disclosed under paragraph 12 of Appendix 16 of the Listing Rules.

## **4. Duties, powers and functions**

- 4.1 The Committee is to:
  - (a) implement and administer any performance incentive schemes of the Company;
  - (b) conduct annual reviews of the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
  - (c) review and approve any bonuses, pay increases and/or promotion for employees;

- (d) make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and Senior Management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; App. 14  
B1.3(a)
- (e) ensure that the level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the Company successfully;
- (f) ensure that a significant portion of the total remuneration package of an executive Director is structured so as to align such executive Director's interests with those of shareholders of the Company as a whole to link rewards to corporate and individual performance;
- (g) have the delegated responsibility 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 regarding remuneration of non-executive Directors. The Committee should consider factors such as the pay and conditions within the industry and of comparable companies, time commitment and responsibilities of Directors, employment conditions elsewhere in the Company and its subsidiaries (together, the "**Group**") and desirability of performance-based remuneration. Such comparisons must be made with caution in view of the risk of an upward ratchet of remuneration levers with no corresponding improvements in performance; App. 14  
B1.3(b)
- (h) ensure that the remuneration of non-executive Directors should be appropriate to the level of their contribution, taking into account factors such as effort and time spent and responsibilities, and that independent non-executive Directors shall not be over-compensated to the extent that their independence may be compromised;
- (i) review and approve the performance-based bonuses and remuneration (if any) by reference to, inter alia, corporate goals and objectives resolved by the Board from time to time, the responsibilities and job nature of the relevant Director or Senior Management, job performance, market environment, salaries trend in the industry, operation results of the Group as well as the revenue and profit margin of the Group in the relevant period of time; App. 14  
B1.3(c)
- (j) determine the time of payment of any performance-based remuneration;
- (k) review and approve the compensation payable to executive Directors and the 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; App. 14  
B1.3(d)
- (l) 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; App. 14  
B1.3(e)

- (m) ensure that no Director or any of his associates (as defined in the Listing Rules and the Listing Manual) is involved in deciding his own remuneration and that, as regards the remuneration of a non-executive Director who is a member of the Committee, his/her remuneration should be determined by the other members of the Committee; App. 14  
B1.3(f)
- (n) ensure that, in the case of service contracts, there should be a fixed appointment period for all Directors after which they should be subject to re-election and that such service contracts shall not be excessively long or with onerous removal provisions. Notice periods in service contracts should be set at a period of six months or less. If it is necessary to offer longer periods to new Directors recruited from outside, such periods should be reduced to six months or less after the initial notice period;
- (o) advise shareholders of the Company on how to vote with respect to any service contracts of Directors which is for a duration that may exceed 3 years or not determinable by the Company within one year or without payment of compensation or without other payments equivalent to more than one year's emoluments that require shareholders' approval under the Listing Rules; R.13.68
- (p) ensure due compliance with any relevant disclosure requirements in respect of the remuneration of Directors under the Listing Rules, the Listing Manual of the SGX-ST, the Companies Ordinance (Cap. 32 of the Laws of Hong Kong), the Singapore Companies Act (Cap. 50), the Codes and any other statutory requirements;
- (q) review and make recommendations to the Board regarding the pension arrangements for Directors and Senior Management;
- (r) review and report to the Board on any suspected irregularities in the reimbursement of unreasonable out-of-pocket expenses of Directors and Senior Management;
- (s) review and approve the interim report, annual report, announcement and circular or any publication of the Company regarding remuneration and service contracts of the Directors prior to approval by the Board; and
- (t) implement such other acts as may be required by the SGX-ST, The Stock Exchange of Hong Kong Limited and/or the Codes from time to time.

4.2 In reviewing, recommending and/or approving incentive schemes, the Committee shall take into account the following factors:-

- (a) long-term incentive schemes, including share schemes are generally encouraged;
- (b) the costs and benefits of long-term incentive schemes should be carefully evaluated;
- (c) in normal circumstances, offers of shares or granting of options or other forms of deferred remuneration should vest over a period of time;

(d) the use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is strongly encouraged; and

(e) Directors should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any costs of acquisition and associated tax liability.

4.3 The Committee should consult the Chairman of the Board and/or chief executive officer about their proposals relating to the remuneration of other executive Directors and seek professional advice if considered necessary.

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4.4 For the avoidance of doubt, the terms of reference of the Committee shall not encompass decisions to employ or dismiss executives.

## **5. Meetings**

5.1 Unless varied by these terms of reference, meetings and proceedings of the Committee shall be governed by the provisions in the Company's Articles of Association regulating the meetings of the Board and the committees formed by it.

5.2 Meetings of the Committee shall be held at least once a year. A meeting may be called by the Chairman or any member of the Committee.

5.3 The Chairman of the Committee may convene additional meetings at his discretion as and when the work of the Committee demands.

5.4 The other Directors and the executive officers of the Company (and its group companies) may only attend meetings of the Committee at its invitation.

5.5 The quorum of a meeting shall be any two members of the Committee present and voting.

5.6 A member of the Committee shall abstain from voting and shall not be counted in the quorum of a meeting in respect of the resolution regarding the remuneration payable to him.

5.7 Save for exceptional circumstances, at least seven days' notice of meetings of the Committee shall be given to its members, informing of the date, time, venue and agenda and the papers for the meeting shall be provided to the members of the Committee at least five working days prior to the date of the meeting.

5.8 Meetings of the Committee may be conducted by means of telephone or audio-visual conferencing or other methods of simultaneous communication by electronic, telegraphic or other means by which all persons participating in the meeting are able to hear and to be heard at all times by all other participants. The minutes of such meeting signed by the Chairman of the Committee shall be conclusive evidence of the proceedings of any meeting conducted in the manner as aforesaid.

5.9 All decisions of the Committee shall be made via a simple majority of the votes cast during a meeting of the Committee. In the event of an equality of votes, the Chairman of the Committee shall have a second or casting vote.

5.10 A resolution in writing signed by majority of the members of the Committee shall be

as valid and effectual as if it had been passed at the meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like forms, each signed by one or more members.

- 5.11 Unless varied by these terms of reference, meetings and proceedings of the Committee shall be governed by the provisions of the Articles of Association of the Company (as amended from time to time).

## **6. Reporting**

- 6.1 Full minutes of the meetings of the Committee shall be kept by the secretary of the Committee, who shall prepare and send draft and final versions of minutes of meetings and all written resolutions of the Committee to all members of the Committee for their comments and records respectively, in both cases within a reasonable time after the meeting.
- 6.2 The Chairman of the Committee may decide to circulate the minutes of the meetings of the Committee to the other members of the Board. Any Director may, provided that there is no conflict of interest and with the agreement of the Chairman of the Committee, request and obtain copies of such minutes.
- 6.3 The Committee should report to the Board on a regular basis on its decisions or recommendations.
- 6.4 At the next meeting of the Board following a meeting of the Committee, the Chairman of the Committee shall report to the Board on the findings and recommendations of the Committee. At least once annually, the Committee should present a report in writing to the Board which addresses the work and findings of the Committee during the year.
- 6.5 The Chairman (or in his absence, another member) of the Committee shall attend the Company's annual general meeting and be prepared to address questions regarding the appointment of any Director.
- 6.6 The Committee shall ensure that the following (and such other information as may be required by the Codes from time to time) are disclosed in the Company's annual report:
- (a) the names of the members of the Committee;
  - (b) a clear disclosure of the Company's remuneration policy, level and mix of remuneration, and the procedure for setting remuneration;
  - (c) the remuneration details of Directors and at least the top five executives (who are not also Directors) of the Company. This remuneration report should form part of, or to be annexed to the Company's annual reports to shareholders on remuneration matters;
  - (d) the names of Directors and at least the top five executives (who are not also Directors) earning remuneration which falls within bands of S\$250,000. There will be a breakdown (in percentage terms) of each Director's remuneration earned through base/fixed salary, variable or performance-related

income/bonuses, benefits in kind, and stock options granted and other long-term incentives;

- (e) remuneration details of employees who are immediate family members (which include the spouse, child, adopted child, step-child, brother, sister and parent) of a Director or the chief executive officer, and whose remuneration exceed S\$150,000 during the year. This can be done on a no-name basis, but with clear indication of which Director or the chief executive officer the employee is related to; and
- (f) such details of the Company's employee share option schemes as will enable the shareholders to access the benefits and potential cost to the Company, including without limitation, the potential size of grant, the methodology of valuing stock options, the exercise price of options that were granted as well as outstanding, the market price on the date of exercise, the vesting schedule, and the justification for the terms adopted.

## **7. Remuneration**

Having regard to the functions performed by the members of the Committee in addition to their functions as Directors, the members of the Committee may be paid such remuneration in respect of their appointment on the Committee as shall be fixed by the Board from time to time. For the avoidance of doubt, such remuneration shall be in addition to the fees payable to them as Directors.