

K & P International Holdings Limited
堅寶國際控股有限公司
(the “Company”)
(Incorporated in Bermuda with limited liability)
(Stock code: 675)

Terms of Reference for the Remuneration Committee

(Revised and adopted on 19 March 2012)

1. Constitution

The remuneration committee (the “**Committee**”) is established as a committee of the board (the “**Board**”) of directors of the Company.

2. Membership

The members of the Committee shall comprise of at least two non-executive directors who are independent of management and free of any business or other relationship which could interfere with the exercise of their independent judgment. The majority of the members of the Committee shall be independent non-executive directors of the Company.

The Chairman and members of the Committee shall be appointed by the Board. The Chairman of the Committee must be an independent non-executive director of the Company.

The Board may from time to time appoint additional members to the Committee from among the directors.

3. Secretary

The Company Secretary shall act as the secretary of the Committee.

4. Quorum and Attendance

A quorum shall be two members of the Committee.

The Committee shall have the power to invite any executive directors of the Company or other persons, such as the Human Resources Manager as it considers appropriate, to attend its meetings in order to assist the Committee in the attainment of its objectives.

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/her.

5. Frequency of Meetings

The Committee shall meet with such frequency as it may consider appropriate (but in any event shall be at least once a year).

6. Authorities

The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information if reasonably requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee should consult the Chairman of the Board and/or the chief executive officer about their remuneration proposals for other executive directors and senior management.

The Committee is authorized by the Board to seek appropriate independent professional advice as and when it considers appropriate. The Committee is to be provided with sufficient resources to perform its duties.

7. Objective

The purpose of the Committee is to review and make recommendations to the Board on the remuneration packages of the directors and senior management of the Company and its subsidiaries (the “**Group**”) and that no individual director should determine his/her own remuneration. The Company should disclose details of any remuneration payable to members of senior management by band in the Annual Reports.

8. Duties

The duties of the committee include the following:

- (a) to make recommendations to the Board on the Company’s policy and structure for all directors’ and senior management’s remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- (c) either:
 - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management;
 - (ii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management,which 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 are consistent with contractual terms and are otherwise reasonable and appropriate;
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration;
- (i) to review and sanction new or amended salary, incentive bonus and retirement benefit policies for the Group which are substantial in their cost and have an impact on a significant proportion of employees; and
- (j) to review the Committee's terms of reference and its own effectiveness and recommend to the Board from time to time any necessary changes.

9. Minutes

Full minutes of Committee meetings should be kept by the secretary of the Committee, and the draft and final versions of the minutes of meetings of the Committee shall be circulated to all members of the Board for their comment and records respectively, in both cases within a reasonable time after the meeting.

Note: If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.