



# **EVA Precision Industrial Holdings Limited** **億和精密工業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 838)

## **Terms of Reference for the Remuneration Committee (the “Committee”) of the Company**

### **Constitution**

1. The Committee is established pursuant to a resolution passed by the board of directors (the “**Directors**”) of the Company (the “**Board**”) at its meeting held on 22 June 2005. Its terms of reference are revised and adopted by written resolutions passed by the Board dated 12 March 2012.

### **Membership**

2. The members of the Committee shall be appointed by the Board from amongst the Directors from time to time and a majority of the members of the Committee shall be independent non-executive Directors.
3. The chairman of the Committee shall be appointed by the Board and must be an independent non-executive Director.
4. The appointment of the members of the Committee may be revoked, and replacement or additional members may be appointed to the Committee by resolutions passed by the Board.

### **Secretary**

5. The company secretary of the Company shall be the secretary of the Committee (the “**Secretary**”) unless another person is appointed as the Secretary pursuant to paragraph 6 below.
6. The Committee may from time to time appoint any person (other than the company secretary of the Company) with appropriate qualification and experience as the Secretary.

### **Frequency and proceedings of meetings**

7. The Committee shall meet as the work of the Committee demands.
8. Unless otherwise agreed by all members of the Committee, a meeting of the Committee shall be called by at least seven days’ notice.

9. A Committee member may and, on the request of a Committee member, the Secretary shall, at any time summon a meeting of the Committee. Notice shall be given by the Secretary to each member of the Committee in person orally or in writing or by telephone or by facsimile transmission or by electronic communication or in such other manner as the Committee may from time to time determine. A notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the meeting.
10. The quorum of the Committee meeting shall be two members of the Committee.
11. Members of the Committee may participate in any meeting of the Committee by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.
12. Resolutions of the Committee at any meetings shall be passed by a majority of votes of the members present.
13. A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

#### **Responsibilities, Powers and Discretion**

14. The Committee shall have the following responsibilities, powers and discretion:
  - (a) to make recommendations to the Board on the policy and structure of the Company and its subsidiaries (the “Group”) for all Directors and senior management 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) to make recommendations to the Board on the remuneration packages of individual 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;
  - (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 review and approve employment, services, consultancy or termination agreements of executive Directors and senior management, if any;
- (i) to ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- (j) to oversee the share incentive schemes or other equity based schemes of the Company in place from time to time and administer such scheme(s) in accordance with the terms or rules thereof, as may be required.

### **Reporting Procedures**

- 15. Full minutes of meetings of the Committee should be kept by the Secretary. Draft and final versions of minutes of the meetings of the Committee shall be sent to all members of the Committee for their comment and records within a reasonable time after the meeting.
- 16. The Secretary shall circulate the minutes of meetings and reports of the Committee to all members of the Board.

### **Authority**

- 17. The Committee shall consult the chairman of the Company and/or chief executive of the Company about their remuneration proposals for other executive Directors.
- 18. The Committee is authorized by the Board to seek independent professional advice where necessary.
- 19. The Committee shall be provided with sufficient resources to perform its duties.

### **Alternate Committee members**

- 20. A Committee member may not appoint any alternate.

## **Continuing application of the articles of association of the Company**

21. The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

## **Powers of the Board**

22. The Board may, subject to compliance with the articles of association of the Company and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) (including the Corporate Governance Code), amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

## **Publication of the Terms of Reference**

23. These terms of reference shall be made available to any person without charge upon request and shall be posted on the website of the Company and on the website of the Stock Exchange.

*Note: In these terms of reference, “senior management” refers to the same persons referred to in the Company’s annual report and required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules.*