



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

REMUNERATION COMMITTEE – TERMS OF REFERENCE

1. Constitution

The board of directors (individually, a “**Director**”, and collectively, the “**Directors**”) of Tysan Holdings Limited (the “**Board**” and the “**Company**” respectively) established a committee of the Board known as the Remuneration Committee (the “**Committee**”) on 20 September 2005. The Board provided the Committee with the revised written terms of reference set out below (the “**Terms**”) which will take effect on 1 April 2012.

2. Membership

- 2.1 The Committee shall consist of at least 3 members and the majority of which shall be independent non-executive Directors. The members of the Committee (individually, a “**Member**”, and collectively, the “**Members**”) shall be appointed by the Board.
- 2.2 The chairman of the Committee (“**Chairman**”) shall be an independent non-executive Director and nominated by the Board.
- 2.3 The Human Resources Director of the Company or his/her nominee shall be the secretary of the Committee (“**Secretary**”).
- 2.4 Subject to Clauses 2.1 and 2.2 above, if a Member is unable to act as such due to absence, illness or any other cause, the Chairman or the chairman of the Board (as may appropriate) may nominate another Director to serve as an alternate Member for the Member concerned.

2.5 Formal meetings of the Committee (individually, a “**Meeting**”, and collectively, the “**Meetings**”) may be held by telephone or other communication equipment which allows those participating to hear and speak to each other, and the quorum in that event shall be any two Members (one of which should be an independent non-executive Director) so linked as governed by the provision of the Company’s Bye-laws (the “**Bye-laws**”).

3. Attendance at Meetings

The Committee may invite any other members of the Board, senior management of the Company (the “**Senior Management**”) and/or external advisers to attend any Meeting(s) as it may from time to time consider appropriate to assist the Committee to perform its duties.

4. Proceedings

Proceedings of Meetings shall be governed by the provisions of the Bye-laws.

5. Quorum

The quorum necessary for the Meetings shall be two Members and one of which should be an independent non-executive Director. A duly convened Meeting at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Committee.

6. Frequency of Meetings

The Committee shall meet at least once a year and it may meet at such times and frequency as it considers appropriate.

7. Notice of Meetings

7.1 Meetings shall be summoned by the Secretary at the request of any of its Members.

7.2 Unless otherwise agreed, notice of each Meeting confirming the venue, time and date together with an agenda of items to be discussed, and the relevant papers and materials for the Meeting concerned shall be circulated to all Members and any other person required to attend, with reasonable notice, before the date of the Meeting. Supporting papers and relevant materials shall be in a form and quality as will enable the Members to make an informed decision on the matters placed before them.

8. Authority

8.1 The Committee should be provided with sufficient resources to perform its duties.

8.2 The Committee is authorised by the Board:-

- (a) to investigate any matter within its Terms and seek any information it requires from any employee in order to perform its duties and all employees are directed to co-operate with any such request by the Committee; and
- (b) to obtain, at the Company's expense, outside independent legal or other professional advice on any matter within its Terms and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary to perform its responsibilities.

9. Minutes of Meetings

9.1 The Secretary shall cause minutes to be made of all proceedings and resolutions of the Committee including recording the names of those present and in attendance at the Meetings.

9.2 The Secretary shall ascertain, at the beginning of each Meeting, the existence of any conflicts of interest and minute them accordingly.

9.3 Minutes of the Meetings shall record in sufficient detail the matters considered by the Members and decisions reached, including any concerns raised by any of the Members and any dissenting views expressed.

9.4 Full minutes of Meetings should be kept by the Secretary. Draft and final versions of minutes of the Meetings should be sent to all Members for their comments and records within a reasonable time after the Meeting.

10. Annual General Meeting

The Chairman or in his/her absence, another Member or failing that his/her duty appointed delegate shall attend the annual general meeting of the Company so as to be available to answer questions from shareholders on matters within the scope of duties of the Committee.

11. Duties

The duties of the Committee shall include the following:-

- (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;
- (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) to determine with delegated responsibility, the remuneration packages of individual Directors and Senior Management. This should include benefits in kind, pension rights (or its equivalent, where appropriate) 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 Company and its subsidiaries;

- (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/her associates is involved in deciding his/her own remuneration; and
- (i) to consult with the chairman of the Board and/or Managing Director of the Company about the Committee's remuneration proposals for other executive Directors.

12. Reporting Procedures

- 12.1 The Committee shall report to the Board on its decisions or recommendations after each Meeting on all matters within its duties and responsibilities unless there are legal or regulatory restrictions on the Committee's ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 12.2 The Committee shall make recommendations to the Board that it deems appropriate on any area within its scope of duties where action or improvement is needed.
- 12.3 The Company will disclose details of any remuneration payable to members of Senior Management in its annual report in accordance with the Listing Rules as well as such applicable legal and regulatory requirements.

13. Further amendments and availability of the Terms

- 13.1 The Committee shall from time to time review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

- 13.2 The Terms may be reviewed by the Board from time to time taking into consideration the operations of the Committee, its contribution to the corporate governance of the Company, as well as any amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) from time to time.
- 13.3 The Committee shall make available these Terms by including them on the respective websites of the Stock Exchange and of the Company.

*** THE END ***