

# MERDEKA

## MERDEKA RESOURCES HOLDINGS LIMITED

(萬德資源集團有限公司\*)

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

(Stock Code: 8163)

### TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

*(Adopted by the Company pursuant to the resolution passed during a Board meeting duly held on 10 November 2005)*

The terms of reference govern the operations of the Remuneration Committee. The Committee shall review and reassess the terms of reference and the effectiveness of the Committee at least annually and shall obtain the approval of the board of directors for any amendments.

#### **1. Objective**

The purpose of the Committee is to give the Board such assistance, assurance, advice and recommendation as it may reasonably require regarding the Company's policy and structure for all remuneration of directors and senior management, and to set the remuneration of all executive directors and senior management. The Committee should have access to professional advice if considered necessary.

#### **2. Membership**

The Committee will, at all times, have a minimum of three members, a majority of whom will be independent non-executive directors (the "INED").

The members of the Committee shall be appointed by the Board. The Board may from time to time appoint additional members to the Committee.

The member present shall elect a chairman to preside the meeting (the "Chairman").

The Committee may invite any other member of the Company's board of management, or any other person, to attend any meeting of the Committee as may,

*\*For identification purpose only*

from time to time, be considered desirable to assist the Committee in discharging its responsibilities and duties.

### **3. Meetings**

The Committee will meet as and when required to discharge its responsibilities, but not less than once a year.

In the absence of the Chairman, another INED will be elected Chairman of that meeting by the members present at the meeting.

Procedures regarding the calling of Committee meetings, advance notice is given, and opportunity to include matters on meeting agenda will follow those in place for the board of directors itself, as far as it is practicable.

### **4. Quorum**

The quorum shall be two members, one of whom should be an INED.

Members may participate in any Committee meeting by means of a conference telephone, electronic 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.

### **5. Voting**

Questions arising at any Committee meeting shall be determined by a majority of votes by the members present. In the case of any equality of votes, the Chairman shall have an additional or casting vote.

### **6. Minutes**

Minutes of all meetings of the Committee are to be kept by the company secretary, who shall circulate the minutes of meeting of the Committee to all members of the Board.

### **7. Responsibilities**

Without limiting the generality of the Committee's objective, the Committee shall have the following responsibilities, authorities and discretion:

- 7.1 To 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 as the Committee may consider appropriate;
- 7.2 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 on the remuneration of non-executive directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group, desirability of performance-based remuneration and the general economic climate;
- 7.3 To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- 7.4 To review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office of 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;
- 7.5 To 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;
- 7.6 To ensure that no director or any of his associates is involved in deciding his own remuneration;

*Note: The Committee shall advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under rule 20.18 of the GEM Listing Rules.*

- 7.7 To consult the chairman of the Board and/or Chief Executive Officer (the “CEO”) about their proposals relating to the remuneration of other executive directors and senior management;
- 7.8 To seek any remuneration related information it requires from senior management and senior management must make every endeavor to accede to such requests that may be made by the Committee in the course of performing its duties;
- 7.9 To have access to professional advice whenever it considers necessary;
- 7.10 To be adequately resourced in order to discharge its duties;
- 7.11 To do such additional things as to enable it to discharge its powers and functions conferred on it by the Board;
- 7.12 To conform to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation;
- 7.13 To review annually the Committee’s terms of reference and its own effectiveness and recommend to the Board any necessary changes;
- 7.14 To report the Committee’s decisions and recommendations back to the board, unless legal or regulatory restrictions preclude this;
- 7.15 To prepare appropriate disclosures concerning the Remuneration Committee to be included in the Corporate Governance Report in the Company’s annual report, to at least meet the level of disclosures set out in the Stock Exchange’s GEM Listing Rules.

## **8. Communication**

- 8.1 The Chairman or in the absence of the Chairman, another member of the Committee or failing this his duly appointed delegate, should attend the Company’s annual general meeting to answer any questions that may be raised thereat on the Committee’s activities and responsibilities.