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## **Ko Yo Chemical (Group) Limited**

**玖源化工(集團)有限公司**

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

**(Stock Code: 827)**

### **Remuneration Committee – Terms of Reference**

*(As adopted by the Board on 21 February 2005 and amended on 5 March 2012)*

#### **1. Membership**

- 1.1 The remuneration committee (the “Remuneration Committee”) shall be appointed by the board (the Board”) of directors (the “Directors”) of Ko Yo Chemical (Group) Limited (the “Company”) and must consist of a minimum of three members (the “Members”). The majority of the Members should be independent non-executive Directors (the “INEDs”).
- 1.2 The Chairman of the Remuneration Committee shall be appointed by the Board and must be an INED.

#### **2. Meeting**

- 2.1 The company secretary of the Company shall act as the secretary (the “Secretary”) of the Remuneration Committee.
- 2.2 The Remuneration Committee shall meet at least once every year.
- 2.3 Notice of any meetings has to be given at least 14 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member. Notice of any adjourned meetings is not required if adjournment is for less than 14 days.
- 2.4 The quorum of the Remuneration Committee shall be not less than half number of the Members and one of them must be INED.
- 2.5 Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or similar communications

equipment by means of which all persons participating in the meeting are capable of hearing each other.

- 2.6 Resolutions of the Remuneration Committee at any meetings shall be passed by a majority of votes of the Members present.
- 2.7 A resolution in writing signed by all the Members of the Remuneration Committee shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.
- 2.8 Minutes shall be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes shall be circulated to all Members for their comment and records respectively, in both cases within a reasonable period of time after the meeting. Such minutes shall be open for Directors' inspection.

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

The Remuneration Committee shall have the following duties, powers and functions:

- 3.1 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;
- 3.2 review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 3.3 determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 3.4 make recommendations to the Board on the remuneration of non-executive directors;
- 3.5 consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- 3.6 review and approve compensation payable to the 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;
- 3.7 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; and

3.8 ensure that no director or any of his associates is involved in deciding his own remuneration.

**4. Availability of Term of Reference**

4.1 The terms of reference will be posted on the websites of the Company and The Stock Exchange of Hong Kong Limited.

By Order of the Board  
**Ko Yo Chemical (Group) Limited**  
*Chairman*  
**Li Wei Ruo**

Chengdu, the PRC, 8 March 2012

*As at the date of this announcement, the board of Directors comprises five executive directors, being Mr. Li Weiruo, Mr. Yuan Bai, Ms Chi Chuan, Ms Man Au Vivian, Mr. Li Shengdi and three independent non-executive Directors of Mr. Hu Xiaoping, Mr. Woo Che-Wor, Alex and Mr. Qian Laizhong.*