

WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED
威雅利電子(集團)有限公司

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. ESTABLISHMENT

- 1.1 The Remuneration Committee (the “Committee”) is established by the board of directors of Willas-Array Electronics (Holdings) Limited (the “Company” and the “Board”, respectively).
- 1.2 Subject to the regulations contained in the Listing Manual of Singapore Exchange Securities Trading Limited (the “SGX Listing Manual”), the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore (the “Code of Corporate Governance”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEX” and the “Listing Rules”, respectively), the Committee shall be regulated by the provisions of this Terms of Reference.
- 1.3 In the event of any conflict between any provision of this Terms of Reference and any provision of the SGX Listing Manual, the Code of Corporate Governance and/or the Listing Rules, the Committee shall comply with the stricter provision (or in the event that the two provisions are not directly comparable, the Committee shall comply with both provisions), and the provisions of this Terms of Reference shall be construed to such extent as may be necessary to give effect to the stricter provision (or to both provisions, as the case may be).

2. COMPOSITION

- 2.1 The Committee shall have a minimum of three members (the “Members”) who shall be appointed by the Board out of their own number, provided that all the Members shall be non-executive directors of the Company and a majority of the Members shall be independent non-executive directors of the Company (the “INEDs”). The independence of a director shall be determined by the Board in consultation with the Nomination Committee of the Company in compliance with Principle 2 of the Code of Corporate Governance (and the Guidelines thereunder) and Rule 3.13 of the Listing Rules.
- 2.2 The Committee shall appoint one of its Members who is an INED to be its chairman (the “Chairman”). In the absence of the Chairman at a meeting of the Committee, the remaining Members present shall elect one of their numbers to chair the meeting.
- 2.3 A Member who wishes to retire or resign from the Committee should provide sufficient notice to the Company so that a replacement may be appointed before he/she leaves.
- 2.4 In the event of a vacancy, the Company shall endeavour to fill the vacancy as soon as possible.

3. SECRETARY

- 3.1 The company secretary of the Company shall be the secretary of the Committee (the “Secretary”). In the absence of the Secretary, the Committee may appoint another person to be the secretary of the meeting.

4. QUORUM

- 4.1 The quorum necessary for the transaction of business shall be two Members, of whom at least one must be an INED. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Committee.

5. MEETINGS

- 5.1 The Committee shall meet not less than once a year and at such other times as the Chairman or any Member shall require.
- 5.2 Questions arising at any meeting of the Committee shall be determined by a majority of votes, provided that a majority of the Members participating in such a decision shall be independent.
- 5.3 The Committee may invite other directors and executive officers of the Company to attend any meeting.
- 5.4 Except for the provision under paragraph 4 above, the Committee may regulate and amend the provisions relating to its own procedure and in particular the calling of the meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

6. NOTICE OF MEETINGS

- 6.1 Meetings of the Committee shall be summoned by the Secretary at the request of the Chairman or by any Member.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each Member no less than three working days prior to the date of the meeting.
- 6.3 For the purpose of this paragraph 6, a working day shall mean any day except a Saturday, Sunday or a public holiday in Hong Kong or Singapore.

7. MINUTES OF MEETINGS

- 7.1 The Secretary or any one appointed to represent the Secretary at the meeting shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

- 7.2 Any minutes signed by the chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts stated therein. Draft and final versions of the minutes shall be circulated to all the Members for their comments and records within a reasonable time after the meeting.
- 7.3 Full minutes of the Committee shall be kept by the Secretary.
- 7.4 The Committee shall report to the Board when appropriate and submit any recommendations for endorsement by the entire Board.

8. ANNUAL GENERAL MEETING (the “AGM”)

- 8.1 The Chairman or in his/her absence, another Member (who must be an INED), shall attend the AGM and be prepared to respond to any questions on the Committee’s activities and responsibilities.

9. FUNCTIONS, DUTIES AND POWERS

- 9.1 The Committee shall:
- 9.1.1 review and make recommendations to the Board on the Company’s remuneration policy and structure for the remuneration of all the Company’s directors and senior management (including key management personnel (as defined in the Code of Corporate Governance)) (hereinafter referred to as "senior management"). The Committee should ensure that there is a formal and transparent procedure for developing the policy on executive remuneration. In determining such policy, the Committee shall take into account all factors which are aligned with the long-term interest and risk policies of the Company and which it otherwise deems necessary, in order to motivate senior management with appropriate incentives to encourage enhanced performance and to ensure that they are rewarded for their individual contribution to the success of the Company in a fair and responsible manner;
- 9.1.2 review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- 9.1.3 review and make recommendations to the Board on the remuneration package of each executive director and senior management, including, without limitation, director's fees, salaries, allowances, bonuses, benefits in kind, pension rights, compensation payments (including any compensation payable for loss or termination of office or appointment), incentive payments, options and share-based incentives and awards by considering, among other things, salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Company and its subsidiaries (the “Group”). A significant and appropriate proportion of executive directors' and senior management's remuneration should be structured so as to link rewards to corporate and individual performance;

- 9.1.4 review and make recommendations to the Board on the remuneration of non-executive directors which should be appropriate to the level of contribution, taking into account factors such as effort and time spent, their responsibilities and, where appropriate, encourage non-executive directors to hold shares in the Company;
 - 9.1.5 review and approve the 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, reasonable and not overly generous;
 - 9.1.6 review and approve the compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise fair, reasonable and appropriate;
 - 9.1.7 ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
 - 9.1.8 oversee any major changes in employee benefit structures throughout the Company and the Group;
 - 9.1.9 consider implementing long-term incentive schemes for executive directors and senior management; and
 - 9.1.10 consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and senior management in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.
- 9.2 The Committee shall furnish the Board with the requisite information relating to the Committee and its responsibilities and activities as specified in the SGX Listing Manual, the Code of Corporate Governance and the Listing Rules from time to time for the purpose of disclosure in the Company's annual report.

10. AUTHORITY

- 10.1 The Committee is to be provided with sufficient resources to perform its duties and is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
- 10.2 The Committee shall have access to expert advice inside and/or outside the Company as required. In connection with its duties, the Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other independent advice, including the advice of independent remuneration consultants, to secure the attendance of external advisers at its meetings if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall ensure that existing relationships, if any, between the Company and such independent remuneration consultants or external advisers will not affect the independence and objectivity of such independent remuneration consultants or external advisers. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfill its obligations.

11. RESOLUTIONS IN WRITING AND MEETINGS BY CONFERENCE CALLS

- 11.1 A resolution in writing signed or approved by letter, telex or facsimile by a majority of the Members (of whom at least one must be an INED) shall be effective for all purposes as if it were a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more Members.
- 11.2 The Committee may conduct its meeting by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means without a Member being in the physical presence of another Member or Members and participation in a meeting in such manner shall be deemed to constitute presence in person at such meeting. Minutes of such a meeting signed by all participants of the meeting shall be conclusive evidence of any resolution of any meeting conducted in such manner.

12. PUBLICATION AND UPDATE OF THE TERMS OF REFERENCE

- 12.1 This Terms of Reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in statutory or regulatory requirements in Hong Kong and in Singapore.
- 12.2 This Terms of Reference shall be made available on request and by including the information on the HKEX's website, SGXNet and the Company's website.

In the case of inconsistency, the English text of this Terms of Reference shall prevail over the Chinese text.