

SH GROUP (HOLDINGS) LIMITED
順興集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1637)

TERMS OF REFERENCE OF
THE REMUNERATION COMMITTEE

(Adopted on 6 December 2016)

SH GROUP (HOLDINGS) LIMITED

Terms of Reference of the Remuneration Committee (adopted on 6 December 2016)

Formation

1. The remuneration committee (the “**Committee**”) of SH Group (Holdings) Limited (the “**Company**”) was formed pursuant to the resolution of the Board of directors of the Company (the “**Board**”) passed on 6 December 2016.

Composition and Quorum

2. The Committee shall consist of not less than three directors appointed by the Board from time to time. A majority of the Committee members should 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 of the Company.
4. The quorum for a meeting of the Committee shall be two members, one of whom must be an independent non-executive director.
5. The company secretary of the Company shall be the secretary of the Committee. The secretary of the Committee or in his/her absence, his/her representative or any one member of the Committee, shall be the secretary of the meetings of the Committee.
6. The appointment of the members of the Committee may be revoked, replaced or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee. An appointment of a member of the Committee shall be automatically revoked if such member ceases to be a member of the Board.
7. The term of office of a member of the Committee shall be determined by the Board.

Attendance at meetings

8. Upon the invitation from the Committee, the chairman of the Board and/or the general manager or the chief executive officer, the chief financial officer, external advisor and other persons can be invited to attend all or part of any meeting.
9. Only the members of the Committee can vote in the meeting.

10. Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication including telephone or videoconferencing. The members of the Committee can attend the meeting via telephone or any similar communication device (all persons attending such meeting should be able to hear from such member via such communication device).

Frequency and proceedings of meetings

11. The provisions of the articles of association of the Company regulating the meetings and proceedings of the meetings of the Board so far as the same are applicable and not inconsistent with the provisions of these terms of reference shall mutatis mutandis apply to regulate the meetings and the proceedings of the meetings of the Committee.
12. The Committee should meet at least once a year.
13. Full minutes of Committee meetings should be kept by a duly appointed secretary of the Committee and be available for review by the Directors. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and records, within a reasonable time after the meeting.

Annual General Meeting

14. The chairman of the Committee or (if absent) the other member of the Committee (must be an independent non-executive director) should attend the annual general meeting of the Company, handle the shareholders' enquiry on the activities and responsibilities related to the Committee.

Authority

15. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
16. The Committee is authorised by the Board to obtain outside legal or other independent professional advice at the Company's expense and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Committee should be provided with sufficient resources to discharge its duties.
17. The Committee is authorised to request senior management to provide required resources/information related to the remuneration package.

Duties

18. The duties of the Committee shall be:

- (a) 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 the policy on such remuneration;

Remark: "Senior management" refers to the same persons referred to in the Company's annual report. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, head of divisions, departments or other operating units within the group as, in the opinion of the Company's directors, is appropriate.

- (b) to make recommendations to the Board on the specific 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. Factors which should be taken into consideration include but not limited to salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Company or any of its subsidiaries and desirability of performance-based remuneration;
- (c) to review and approve management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time;
- (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 the compensation payable to executive directors and senior management in connection with any loss or termination of their office or 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;
- (g) to review and approve compensation arrangements relating to dismissal or removal of the 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;

- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration;
- (i) to consult the chairman and/or the chief executive officer about the Committee's proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary; and
- (j) to consider other topics as defined by the Board.

Reporting procedures

- 19. The Committee shall report directly to the Board after each meeting on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 20. The secretary to the Committee shall keep full minutes of all Committee meetings. Minutes of Committee meetings shall record in sufficient detail the matters considered by the Committee members and decisions reached, including any concerns raised by the Committee members and dissenting views expressed. Draft and final versions of minutes of meeting of the Committee shall be sent to all members of the Committee for their comment and records respectively, in both cases within a reasonable time after the meeting. The secretary shall also circulate the minutes of meetings, reports and all written resolutions of the Committee to all members of the Board.

Powers of the Board

- 21. The Board may, subject to compliance with the articles of association of the Company and the Listing Rules, 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 these terms of reference or resolution had not been amended or revoked.

Publication of these terms of reference

- 22. A copy of these terms of reference will be posted on the websites of the Company and The Stock Exchange of Hong Kong Limited.