



**LHN LIMITED**

賢能集團有限公司\*

*(Incorporated in the Republic of Singapore with limited liability)*  
*(the "Company", and together with its subsidiaries, the "Group")*  
(Hong Kong Stock Code: 1730)  
(Singapore Stock Code: 410)

## **TERMS OF REFERENCE FOR REMUNERATION COMMITTEE**

### **1. MEMBERSHIP**

- 1.1 The Remuneration Committee (the "RC") shall be appointed by the Board (the "Board") of Directors (the "Directors") of the Company from amongst its members, and shall comprise at least three (3) members.
- 1.2 All members shall be non-executive Directors of the Company, the majority of whom, including the chairman of the RC (the "Chairman") shall be independent non-executive Directors.
- 1.3 The Board shall consider whether a Director is independent in accordance with the provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HK Listing Rules") and the Listing Manual Section A: Rules of the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Listing Manual"), including the Singapore's Code of Corporate Governance 2018 (the "Singapore Code of Corporate Governance"). In the event of differences between the HK Listing Rules, Listing Manual and the Singapore Code of Corporate Governance, the Board shall comply with the more onerous rule and/or requirement.

If the Board wishes, in spite of the existence of one or more of the relationships as listed in the return (Annex 1) referred to in clause 1.4 below, to consider a Director as independent under the Singapore Code of Corporate Governance, the Company should disclose in full the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent. In any event, the independence requirement under Rule 3.13 of the HK Listing Rules shall be complied with.

- 1.4 On appointment, and thereafter, on an annual basis, every member shall complete a return (Annex 1) as to his independence. The Board shall review the return to decide if a Director is to be considered independent.
- 1.5 An independent member shall immediately notify the secretary of the Company of any change in circumstances that may result in him not being able to meet the criteria for independence.

The Board may, after considering the change in circumstances, reconstitute the RC in compliance with the RC's terms of reference, the HK Listing Rules and the Listing Manual.

- 1.6 A member who wishes to retire or resign from the RC shall notify the Board in writing, giving at least one (1) month's notice.
- 1.7 The office of a member shall become vacant upon the member's death/resignation/retirement/removal or disqualification as a Director of the Company.
- 1.8 The appointment of the members of the RC may be revoked, or additional members may be appointed to the RC by separate resolutions passed by the Board and by the RC, subject to and/or taking into consideration the recommendations from the nominating committee of the Company.
- 1.9 Except for exceptional circumstances such as when a Director has a medical emergency, a member may not appoint any alternate.
- 1.10 If for any reason, the total number of members shall fall below three (3), the Board shall, as soon as practicable and reasonable, and in any case not later than three (3) months of such occurrence, appoint such number of new members so that the total number of members is at least three (3).

## **2. ADMINISTRATION**

### **2.1 Meetings**

- (a) The meetings of the RC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means and the minutes of such a meeting signed by the Chairman shall be conclusive of any meeting conducted as aforesaid.
- (b) Meetings of the RC will be held as the RC deems appropriate. The RC should meet at least once a year and meetings should be organised so that attendance is maximised. A meeting may be called, at any other time, by the Chairman or any member of the RC. A Director or Management may be invited to the meetings.
- (c) The Secretary of the RC shall be the current Company Secretary.
- (d) The Secretary shall attend all meetings and minute the proceedings thereof.
- (e) Minutes of all meetings shall be confirmed by the Chairman of the meeting and circulated to all members of the RC.

If the Chairman of the RC so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided there is no conflict of interest and with the agreement of the Chairman, obtain copies of the minutes of RC meetings.

- (f) The notice of each meeting of the RC, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the RC at least three (3) working days prior to the date of the meeting.

### **2.2 Quorum**

The quorum shall be two (2) members, including at least one independent non-executive director.

### **2.3 Voting**

A resolution shall be considered passed if:

- (a) there is a majority of votes passed in favour of the resolution during a meeting of the RC, or
- (b) there is agreement in writing by a majority of members entitled to participate in the decision.

In the event of an equality of votes (except where only two members of the RC are present and form the quorum or when only two members of the RC are competent to vote on the question in issue), the Chairman shall have a casting vote.

A resolution in writing signed by all members of the RC shall be valid and effectual as if it had been passed at a meeting of the RC duly convened and held. This provision is without prejudice to any requirement under the HK Listing Rules for a Committee meeting to be held.

Any member who has an interest in any matters being reviewed or considered by the RC shall abstain from voting on that matter.

Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him. No Director or any of his associates shall be involved in deciding his own remuneration.

### 3. DUTIES

The duties of the RC shall be:

- 3.1 To review and submit its recommendations for endorsement by the entire Board, on the policy and general framework of remuneration for the Board and the senior management, on the establishment of a formal and transparent procedure for developing remuneration policy, and the specific remuneration packages (which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) and terms of employment (where applicable) for each Director, Managing Director or the CEO (if CEO is not a director) and key management personnel including but not limited to senior executives/divisional directors/those reporting directly to the Managing Director/Chairman/CEO.
- 3.2 To review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives, any bonuses, pay increases and/or promotions for employees related to the directors, controlling shareholders and/or substantial shareholders of the Group, any compensation payable to any executive Director or 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, and any compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate.
- 3.3 To review and/or approve matters relating to share schemes (including the share award schemes and the share option schemes, as applicable) under Chapter 17 of the HK Listing Rules and Part VIII of Chapter 8 of the Listing Manual or relating to any long term incentive schemes which may be set up from time to time, in particular to review whether directors and key management personnel should be eligible for such schemes and also to evaluate the costs and benefits of such schemes and to do all acts necessary in connection therewith.
- 3.4 To function as the committee referred to in any share award scheme or share option scheme adopted by the Company and to exercise all powers as set out in such share award scheme or share option scheme.
- 3.5 To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.
- 3.6 To ensure that all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered.
- 3.7 As part of its review, the RC shall take into consideration:
  - (i) that the remuneration packages should be comparable within the industry and in comparable companies (taking into account the time commitment, responsibilities and employment conditions elsewhere in the Group) and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual directors' and key management personnel's performance. A significant and appropriate proportion of executive directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance.
  - (ii) that the remuneration packages of employees related to executive directors, Managing Director or CEO (if CEO is not a director) and substantial or controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.
  - (iii) That the level and structure of remuneration should be aligned with the long-term interests and risk policies of the Company and Provisions 7.1, 7.2 and 7.3 of the Singapore Code of Corporate Governance.
  - (iv) The Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

#### **4. ATTENDANCE AT GENERAL MEETINGS**

The Chairman (or in his absence, an alternative member) of the RC shall attend the General Meetings of the Company and be prepared to answer questions falling within the scope of the RC.

#### **5. REMUNERATION**

Having regard to the functions performed by members of the RC in addition to their functions as Directors in relation to the activities of the RC and pursuant to the specific power conferred upon the Board by the Constitution of the Company, members of the RC may be paid such special remuneration in respect of their appointment and in such manner as shall be fixed by the Board.

#### **6. CONTINUING APPLICATION OF THE CONSTITUTION OF THE COMPANY**

The constitution of the Company regulating the meetings and proceedings of the directors so far as the same are applicable and are not replaced by or inconsistent with the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

#### **7. POWERS OF THE BOARD**

The Board may, subject to compliance with the constitution of the Company, the Listing Manual, the Singapore Code of Corporate Governance, and the HK Listing Rules (including Appendix C1 (Corporate Governance Code) to the HK 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 such terms of reference or resolution had not been amended or revoked.

#### **8. GENERAL**

- 8.1 The RC in carrying out its tasks under these terms of reference may obtain at the Company's expense such external or other independent professional advice as it considers necessary to carry out its duties.
- 8.2 The Board will ensure that the RC has the resources and access to independent professional advice in order for it to perform its duties.
- 8.3 The RC shall ensure that existing relationships, if any, between the Company and any consultants will not affect the independence and objectivity of the consultants.
- 8.4 These terms of reference may from time to time be amended as required, subject to the approval of the Board.
- 8.5 If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.

*\* For identification purpose only*

# LHN LIMITED

(the "Company")

## CONFIRMATION OF INDEPENDENCE

I confirm the following for the requirements under the Singapore Code of Corporate Governance:

- (a) That I \*am/am not an executive Director of the Company or any of its related corporations<sup>1</sup> and \*have/have not been employed by the Company or any of its related corporations<sup>1</sup> for the current or any of the past three financial years.
- (b) That I \*have/do not have an immediate family member<sup>2</sup> who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations<sup>1</sup> and whose remuneration is determined by the Company's Remuneration Committee.
- (c) That I (including my immediate family member<sup>2</sup>) \*have/have not provided to or received from the Company or any of its related corporations<sup>1</sup> for the current or immediate past financial year any significant compensation or material services<sup>3</sup> (aggregated over any financial year in excess of S\$50,000), other than compensation for board service.
- (d) That I (including my immediate family member<sup>2</sup>) \*am/am not in the current or immediate past financial year \*a substantial shareholder<sup>4</sup> of, or a partner in (with 5% or more stake), or an executive officer of, or a director of any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services<sup>3</sup> (aggregated over any financial year in excess of S\$200,000) in the current or immediate past financial year.
- (e) That I \*am/am not a substantial shareholder<sup>4</sup> or an immediate family member of a substantial shareholder<sup>4</sup> of the Company.
- (f) I \*am/am not directly associated<sup>5</sup> with a substantial shareholder<sup>4</sup> of the Company in the current or immediate past financial year.
- (g) That I \*do/do not have a relationship (whether familial, business, financial, employment or otherwise) with the Company, its related corporations<sup>1</sup>, its substantial shareholder<sup>4</sup> or its officers that could interfere or be reasonably perceived to interfere, with my exercise of independent business judgment with a view to the best interests of the Company.

If any of the relationships stated above exist, please provide details:

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I further confirm the following for the requirements under the HK Listing Rules:

- (h) That I (including my immediate family member<sup>2</sup>) \*hold/do not hold more than 1% of the number of issued shares of the Company<sup>6</sup>.
- (i) That I (including my immediate family member<sup>2</sup>) \*have/have not received interest in securities of the Company as a gift, or by means of other financial assistance, from a core connected person (as defined in the HK Listing Rules) or the Company itself<sup>7</sup>.
- (j) That I (including my immediate family member<sup>2</sup>) \*am/am not (or \*was/was not) a director, partner or principal of a professional adviser which currently provides or has within two years immediately prior to the date of this confirmation provided services, or is or was an employee of such professional adviser who is or has been involved in providing such services during the same period, to (i) the Company, its holding company or any of their respective subsidiaries or core connected person (as defined in the HK Listing Rules), or (ii) any person who was a controlling shareholder (as defined in the HK Listing Rules) or, where there was no controlling shareholder, any person who was the chief executive or a Director (other than an independent non-executive Director), of the Company within two years immediately prior to the date of this confirmation, or any of their close associates.

- (k) That I (including my immediate family member<sup>2</sup>) currently \*have/do not have ((for proposed director) and \*had/did not have within one year immediately prior to the date of my proposed appointment) a material interest in any principal business activity of or is or was involved in any material business dealings with the Company, its holding company or their respective subsidiaries or with any core connected persons (as defined in the HK Listing Rules) of the Company.
- (l) That I (including my immediate family member<sup>2</sup>) \*am/am not on the board specifically to protect the interests of an entity whose interests are not the same as those of the shareholders as a whole.
- (m) That I (including my immediate family member<sup>2</sup>) \*have been/have not been connected with a director, the chief executive or a substantial shareholder (as defined in the HK Listing Rules) of the Company within two years immediately prior to the date of this confirmation.
- (n) That I (including my immediate family member<sup>2</sup>) \*have/have not at any time during the two years immediately prior to the date of this confirmation been, an executive or Director (other than an independent non-executive Director) of the Company, of its holding company or of any of their respective subsidiaries or of any core connected persons (as defined in the HK Listing Rules) of the Company.
- (o) That I (including my immediate family member<sup>2</sup>) \*am/am not financially dependent on the Company, its holding company or any of their respective subsidiaries or core connected persons (as defined in the HK Listing Rules) of the Company.

If any of the relationships stated above exist, please provide details:

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In view of the foregoing, I am to be considered independent/not independent\* of the Company's Management as contemplated by the Singapore Code of Corporate Governance and as required by Rule 3.13 of the HK Listing Rules.

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Name:

Date:

\* *delete where inapplicable*

- 1 The term “related corporation” in relation to a company, shall have the same meaning as currently defined in the Companies Act 1967 of Singapore, i.e. the company’s holding company, subsidiary or fellow subsidiary.
- 2 A person will be considered an “immediate family member” of the Director under:
  - (i) the Listing Manual if they are the Director’s spouse, child, adopted child, step-child, brother, sister or parent; and/or
  - (ii) the HK Listing Rules if they are the Director’s spouse, or the Director’s (or the Director’s spouse’s) child or step-child, natural or adopted, under the age of 18 years.

The Company will comply with the more onerous of the two sets of listing rules.

- 3 Material Services may include auditing, banking, consulting and legal services as provided under the Singapore’s Code of Corporate Governance 2018.
- 4 A “substantial shareholder” is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the Securities and Futures Act 2001 of Singapore.
- 5 A director will be considered “directly associated” with a substantial shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder in relation to the corporate affairs of the corporation. A director will not be considered “directly associated” with a substantial shareholder by reason only of his or her appointment having been proposed by that substantial shareholder.
- 6 The Director shall take into account the total number of shares held legally or beneficially by the Director, together with the total number of shares which may be issued to the Director or the Director’s nominee upon the exercise of any outstanding share options, convertible securities and other rights (whether contractual or otherwise) to call for the issue of shares.
- 7 Subject to (d) and (h) above, the Director will still be considered independent if the Director receives shares or interests in securities from the Company or its subsidiaries (but not from core connected persons) as part of the Director’s fee or pursuant to share schemes established in accordance with Chapter 17 of the HK Listing Rules and where such receipt of shares or interests in securities are in compliance with the requirements of the Listing Manual.