

## ISDN HOLDINGS LIMITED (the “Company”)

### REMUNERATION COMMITTEE

The Code of Corporate Governance 2012 (the “**Code**”) recommends that companies listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) set up a remuneration committee (the “**RC**” or the “**Committee**”) which reports to the board of directors of the Company (the “**Board**”).

The rules governing the listing of securities (the “**Listing Rules HK**”) on The Stock Exchange of Hong Kong Limited (the “**HKEX**”) and the Corporate Governance Code at Appendix 14 of the Listing Rules HK (the “**CGC HK**”) also require listed companies set up a RC which reports to the Board.

The primary role of the Committee is to facilitate appropriate transparency and accountability to shareholders and make recommendations to the Board on remuneration matters of the directors (the “**Director(s)**”) and executive management in the Company.

The terms of reference proposed for the Committee are annexed hereto as Appendix A.

ISDN HOLDINGS LIMITED (the “Company”)

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

1. **MEMBERSHIP**

- 1.1. The Committee shall be appointed by the Board from amongst its members, and shall comprise at least three (3) members.
- 1.2. All Members shall be non-executive Directors, the majority of whom, including the Chairman shall be independent non-executive Directors.
- 1.3. In relation to SGX-ST, the Board may consider a Director as independent if he has no relationship with the Company, its related corporation<sup>1</sup> or its officers that could interfere, or be reasonably perceived to interfere with his exercise of independent business judgment in carrying out his functions as a member of the Committee.
- 1.4. In relation to HKEX, a Director will be considered as independent if he satisfies the factors set out in Rule 3.13 of the Listing Rules HK.
- 1.5. 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 1.6 below, to consider a Director as independent, the Company should disclose in full the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent.
- 1.6. 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.
- 1.7. An independent member shall immediately notify the company secretary (the “**Company Secretary**”) of any change in circumstances that may results in him not being able to meet the criteria for independence.

The Board may, after considering the change in circumstances, require the resignation of the member, in compliance with provisions of the Companies Act, the listing manual of SGX-ST, the Listing Rules HK and/or the Committee's terms of reference.
- 1.8. The Board may, as a result of the resignation, re-constitute the Committee before the next scheduled meeting.
- 1.9. 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.
- 1.10. The office of a member shall become vacant upon the member's death/resignation/retirement/removal or disqualification as a Director.
- 1.11. If for any reason, the total number of members shall fall below three (3), the Board shall within three (3) months of such occurrence, appoint such number of new members so that the total number of members is at least three (3).

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<sup>1</sup> A “**related corporation**” in relation to a company shall have the same meaning as currently defined in the Companies Act (Cap. 50) of Singapore, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.

## 2. ADMINISTRATION

### 2.1. Meetings

- a) The meetings of the Committee 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 of the Committee (the "**Chairman**") shall be conclusive of any meeting conducted as aforesaid.
- b) Meetings of the Committee will be held as the Committee deems appropriate. The Committee should meet at least once a year and meetings should be organized so that attendance is maximized. A meeting may be called, at any other time, by the Chairman or any member of the Committee. A Director or the management may be invited to the meetings.
- c) The secretary of the Committee shall be the Company Secretary.
- d) The secretary of the Committee shall attend all meetings and minute the proceedings thereof.
- e) Draft and final versions of the minutes of all meetings of the Committee shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by the members or dissenting views expressed and shall be circulated to all the members of the Committee for their comment and records, within a reasonable time after the meeting. If the Chairman of the Committee so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of minutes of Committee meetings. Minutes of all meetings shall be confirmed by the Chairman.
- f) The notice of each meeting of the Committee, 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 Committee at least three (3) working days prior to the date of the meeting.

### 2.2. Quorum

The quorum shall be any two (2) members, including at least one (1) independent non-executive Director.

### 2.3. Voting

A resolution shall be considered passed if:-

- a) there is a majority of votes passed in favor of the resolution during a meeting of the Committee, 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, the Chairman shall have a casting vote.

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

## 2.4. Attendance at General Meetings

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

## 3. DUTIES

The duties of the Committee shall be:

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| App 14<br>B.1.2(a) | 3.1. To 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.   |
| App 14<br>B.1.2(b) | 3.2. To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.   |
| App 14<br>B.1.2(c) | 3.3. To determine with delegated responsibility, or review and submit its recommendations for endorsement by the entire Board, a general framework of remuneration and the specific remuneration packages and terms of employment (where applicable) for each individual executive Director, the chief executive officer (the " <b>CEO</b> ") (if CEO is not a Director) and senior management, including but not limited to senior executives/divisional Directors/those reporting directly to the managing Director/chairman of the Company/CEO/employees related to the executive Directors and controlling shareholders of the Company and its subsidiaries (the " <b>Group</b> "). The Committee shall disclose whether it is (1) determining with delegated responsibility, or (2) making recommendations to the Board, on the remuneration packages of each individual executive Director 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. |
| App 14<br>B.1.2(d) | 3.4. To make recommendations to the Board on the remuneration of non-executive Directors.  |
| App 14<br>B.1.2(e) | 3.5. To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.   |
|                    | 3.6. To review and submit its recommendations for endorsement by the entire Board, share award schemes or any long term incentive schemes which may be set up from time to time, in particular to review whether Directors 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.   |
|                    | 3.7. To review and consider the structuring of a proportion of executive Directors' and key (including senior) management personnel's remuneration so as to link rewards to group or corporate and individual performance.   |
|                    | 3.8. To function as the Committee referred to in the employee share options Scheme (" <b>ESOS</b> ") and the employee performance share plan (" <b>PSP</b> ") (collectively the " <b>Share Schemes</b> "), if any and shall have all the powers as set out in the Share Schemes.   |
| App 14<br>B.1.2(f) | 3.9. To review and approve the Company's obligations (including approving compensation payable) arising in the event of any loss of office or the termination of the executive Director's and key (including senior) management personnel's contracts of service or appointment to ensure that such contracts of service contain fair and reasonable termination clauses, are  |

consistent with contractual terms and are otherwise fair and not overly generous or excessive.

App 14  
B.1.2(g)

3.10. To 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.

3.11. 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 Committee by the Board from time to time.

3.12. To ensure that all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are covered.

App 14  
B.1.2(h)

3.13. To ensure that no Director or any of his associates (as defined in the Listing Rules HK) is involved in deciding his own remuneration.

3.14. As part of its review, the Committee shall take into consideration:

(i) that the remuneration packages should be comparable within the industry and in comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Directors' and senior management's performance. A significant proportion of executive Directors' 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 and 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; and

(iii) Principle 8 and Guidelines 8.1 to 8.4 of the Code.

#### **4. REMUNERATION**

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

#### **5. GENERAL**

5.1. 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.

App 14  
B.1.4

5.2. The Board will ensure that the Committee has access to internal professional advice in order for it to perform its duties.

5.3. The Committee should be provided with sufficient resources to perform its duties.

5.4. These terms of reference may from time to time be amended as required, subject to the approval of the Board.

#### **6. PUBLICATION OF THE TERMS OF REFERENCE OF THE COMMITTEE**

- 6.1. The Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the website of the Company and on the website of the HKEX.

Approved and adopted by the Committee on: 13 December 2016

Approved by the Board on: 13 December 2016

## ISDN HOLDINGS LIMITED (“the Company”)

Confirmation of Independence

In connection with my continuation as an independent non-executive director of **ISDN HOLDINGS LIMITED** (the “**Company**”), I confirm that I do not have a relationship with the Company, its related corporations, its 10% shareholders or its officers which would be reasonably perceived to interfere with the exercise of independent judgment in the best interests of the Company. In particular, I confirm the following:

In compliance with the Principle 2.3 of the Code of Corporate Governance 2012 of Singapore (the “**Code**”), I confirm the following:

1. That I am not being employed by the Company or of its related companies for the current or any of the past three financial years.
2. That I do not have an immediate family member (being a spouse, child, adopted child, stepchild, brother, sister and parent) who is, or has been in any of the past three financial years, employed by the Company or of its related companies as a senior executive officer whose remuneration is determined by the remuneration committee.
3. That I, or my immediate family members, have not accepted any significant compensation from the Company or any of its related companies for the provision of services, for the current or immediate past financial year, other than compensation for board service.
4. That I am or was not, and none of my immediate family members is or was, in the current or immediate past financial year, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organization to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, \*significant payments or material services (which include auditing, banking, consulting and legal services), in the current or immediate past financial year.
5. That I am not a 10% shareholder of the Company and none of my immediate family members is a 10% shareholder of the Company.
6. That I am or was not directly associated with a 10% shareholder of the Company, in the current or immediate past financial year.

In compliance with Rule 3.13 of the Main Board Rules of Hong Kong (the “**Listing Rules HK**”), I confirm the following:

7. That I do not hold more than 1% of the number of issued shares of the Company, having taken into account the total number of shares which are held legally and beneficially by me and those which may be issued to me or my 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.
8. That I have not received an interest in any securities of the Company as a gift, or by means of other financial assistance, from a core connected person (as defined in the Listing Rules HK) or the Company itself (other than as part of director’s fee or pursuant to share option schemes established by the Company pursuant to Chapter 17 of the Listing Rules HK);.
9. That I am not a director, partner or principal of a professional adviser that currently provides or has within one year immediately prior to the date of my proposed appointment provided services, or is an employee of such a professional adviser who is or has during the same period been involved in providing services, to (i) the Company, its holding company or any of their respective subsidiaries or core connected persons or (ii) any person who was a controlling shareholder (as defined in the Listing Rules HK) 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 one year immediately prior to the date of the proposed appointment, or any of their close associates (as defined in the Listing Rules HK).

10. That I do not have a material interest in any principal business activity of or is involved in any material business dealings with the Company, or its holding company or their respective subsidiaries or with any core connected persons of the Company.
11. That I am not on the board specifically to protect the interests of an entity whose interests are not the same as those of the shareholders of the Company as a whole.
12. That I am not and was not connected (as defined in the notes to Rule 3.13 of the Listing Rules HK) with a director, the chief executive or a substantial shareholder (as defined in the Listing Rules HK) of the Company within two years immediately prior to the date of my proposed appointment.
13. That I am not, and have not, at any time during the two years immediately prior to the date of my appointment, an executive (as defined in the notes to Rule 3.13 of the Listing Rules HK) 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 of the Company.
14. That I am not financially dependent on the Company or its holding company or any of their respective subsidiaries or core connected persons of the Company.
15. That I am not aware of any factor which may affect my independence from the Company, its holding company or any of the respective subsidiaries or core connected persons of the Company.
16. That I have no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company.
17. That there are no other factors that may affect my independence at the time of the submission of this declaration and undertaking in Form H of Appendix 5 to the Listing Rules HK.

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Name:

Date:

\* As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant.