

# CENTURION CORPORATION LIMITED

## 勝捷企業有限公司\*

*(Incorporated in the Republic of Singapore with limited liability)*

*(Co Reg No: 198401088W)*

**(Stock code: 6090)**

### REMUNERATION COMMITTEE

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

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 companies listed on the HKEX to set up a RC which reports to the Board.

The primary role of the Committee is to ensure appropriate formality, transparency and accountability to shareholders and to make recommendations to the Board on remuneration matters of the Directors and key management personnel<sup>1</sup> (including senior management) in the Company and its subsidiaries (the “**Group**”).

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

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<sup>1</sup> *Key management personnel shall mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.*

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### 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 RC members shall be non-executive Directors (“NEDs”), a majority of whom, including the chairman of the RC (the “RC Chairman”) shall be independent non-executive Directors.
- 1.3 The RC Chairman shall be elected by members of the Board and shall be independent. 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.
- 1.4 In relation to the Code, a Director may be considered independent if he has no relationship with the Company, its related corporations<sup>2</sup>, its shareholders with a shareholding of 10% or more (“10% shareholder”), or its officers that could interfere, or be reasonably perceived to interfere, with his exercise of independent business judgment with a view to the best interests of the Company and in carrying out his functions as a member of the RC.

The Code sets out the following non-exhaustive relationships or circumstances, which would deem a Director not to be independent:

- (a) a Director being employed by the Company or any of its related corporations for the current or any of the past three (3) financial years;
- (b) a Director who has an immediate family member who is, or has been in any of the past three (3) financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the Committee of the Company;
- (c) a Director, or an immediate family member, accepting any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for Board service;

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<sup>2</sup> A “**related corporation**” in relation to the Company shall have the same meaning as defined in the Companies Act (Cap. 50) of Singapore, i.e. a corporation that is the company’s holding company, subsidiary or fellow subsidiary.

- (d) a Director:
- (i) who, in the current or immediate past financial year, is or was; or
  - (ii) whose immediate family member, in the current or immediate past financial year, is or was,
    - a 10% shareholder of, or
    - a partner in (with 10% or more stake), or
    - an executive officer of, or
    - a Director of,

any organisation 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 may include auditing, banking, consulting and legal services), in the current or immediate past financial year.

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

- (e) a Director who is a 10% shareholder or an immediate family member of a 10% shareholder of the Company; or
- (f) a Director who is or has been directly associated with a 10% shareholder of the Company, in the current or immediate past financial year.

- 1.5 If the Board considers, in spite of the existence of one (1) or more of these relationships referred to in the Code, a Director as independent, it 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 independent non-executive Director shall complete and return an annual confirmation in relation to his independence in accordance with the Listing Rules HK and the Code, and in the form as specified by the Company from time to time. The Nominating Committee of the Company ("NC") shall review the returned annual confirmation to decide if a Director is to be considered independent and make its recommendation to the Board.
- 1.7 An independent member shall immediately notify the company secretary of the Company (the "**Company Secretary**") 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 (with the recommendation of the NC), require the resignation of the member, in compliance with the provisions of the NC's terms of reference and/or any other applicable statutes, rules or regulations.

The Board may, as a result of the resignation, re-constitute the RC before its next scheduled meeting.

- 1.8 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 or such shorter period as may be agreed by the Board.
- 1.9 The office of a member shall become vacant upon the member's death/resignation/retirement/removal or disqualification as a Director.
- 1.10 Any vacancy in the RC shall be filled within two (2) months, and in any case, no later than three (3) months. 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).

## **2. ADMINISTRATION**

### **2.1 Meetings**

- (a) The meetings of the RC (the "**RC Meetings**") may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

The minutes of such a meeting signed by the RC Chairman or chairman of the meeting shall be conclusive evidence of any meeting conducted as aforesaid.

- (b) RC Meetings will be held as the RC deems appropriate. RC Meetings shall be held at least once a year. RC Meetings shall be organised so that attendance is maximised. RC Meetings may be called, at any other time, by the RC Chairman or any member.
- (c) The RC shall have full discretion to invite any Director or management to attend its meetings.
- (d) The secretary of the RC shall be the Company Secretary for the time being or, such other person as may be nominated by the RC.
- (e) The secretary of the RC shall attend all RC Meetings and minute the proceedings thereof including providing an attendance record of individual members present at all meetings.

- (f) Draft and final version of the minutes of all RC Meetings shall record in sufficient details 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 RC for their comments and record within reasonable time after the meetings. If the RC Chairman so decides, the minutes shall be circulated to other members of the Board. A Director may, provided there is no conflict of interest and with the agreement of the RC Chairman, obtain copies of the minutes of RC Meetings. Minutes of all RC Meetings shall be confirmed by the RC Chairman or the chairman of the meeting.
- (g) The notice of each RC Meeting, 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. The members of the RC may consent to shorter notice whereupon the requisite notice period shall be waived.

## **2.2 Quorum**

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

If the RC Chairman is not present within five (5) minutes from the appointed time of the RC Meeting, the members present may elect one (1) of their members, who must be independent, to chair the meeting.

## **2.3 Voting**

A resolution shall be considered passed if:

- (a) there is a majority of votes cast in favour of the resolution at a RC Meeting, or
- (b) there is agreement in writing by a majority of members entitled to vote on the decision.

In the event of an equality of votes, the RC Chairman or the chairman of the meeting shall not have a casting vote. All conflicting views shall be submitted to the Board for its final decision.

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

## **2.4 RC Resolutions in Writing**

The RC may pass resolutions by circulation. A resolution in writing signed by a majority of members, including at least one (1) independent non-executive Director, shall be as valid and effectual as if it had been passed at a meeting of the RC duly called and constituted.

These resolutions may consist of several documents in original or facsimile in the like form each signed by one (1) or more members.

## **2.5 Attendance at General Meetings**

The RC 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 concerning matters falling within the scope of the RC, including remuneration matters of the Directors and key management personnel (including senior management).

# **3. DUTIES**

3.1 Without prejudice to any requirement under the CGC HK, the duties of the RC shall be (on an annual basis) to:

- (a) consult the chairman of the Board and/or chief executive officer (the “CEO”) about their proposals relating to the remuneration of Directors and seek professional advice if considered necessary.
- (b) make recommendations to the Board on the Company’s policy and structure for remuneration of all Directors and key management personnel (including senior management) and on the establishment of a formal and transparent procedure for developing remuneration policy.
- (c) review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives.
- (d) determine with delegated responsibility, the remuneration packages of individual Directors and key management personnel (including senior management) or to make recommendations to the Board for endorsement. The RC 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 Directors and key management personnel (including 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.

If recommendations on the remuneration packages of individual Directors and key management personnel (including senior management) were made to the Board, where the Board resolves to approve any remuneration or compensation arrangements with which the RC disagrees, the Board should disclose the reasons for its resolution in its next corporate governance report.

- (e) make recommendations to the Board on the remuneration of non-executive Directors (“**NEDs**”).
- (f) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.
- (g) review and approve compensation payable to Directors and key management personnel (including 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 overly generous or excessive.
- (h) 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.
- (i) 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.
- (j) ensure that no Director or any of his associates (as defined in the Listing Rules HK) is involved in deciding his own remuneration.
- (k) review and recommend to the Board a general framework of remuneration for the Directors and key management personnel (including senior management) and to review and recommend to the Board the specific remuneration packages and terms of employment for:
  - (i) each Director;
  - (ii) key management personnel (including senior management) of the Group; and
  - (iii) employees related to Directors or, controlling shareholders of the Group.

The RC’s recommendation should be submitted for endorsement by the entire Board.

- (l) review whether the executive Directors and key management personnel (including senior management) should be eligible for benefits under any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.
- (m) administer the performance based bonus scheme and any other share option scheme or share plan established (if any) from time to time for the Directors and key management personnel (including senior management) and shall have all the powers as set out therein.

- (n) 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.
- (o) advise shareholders of the Company on how to vote in respect of any service contracts of Directors that require shareholders' approval in accordance with the Listing Rules HK.
- (p) determine, on an annual basis, if a Director is independent according to the circumstances set forth in Guidelines 2.3 and 2.4 of the Code, Rule 3.13 of the Listing Rules HK and other salient factors.
- (q) review and consider the structuring of a proportion of executive Directors' and key management personnel's (including senior management) remuneration so as to link rewards to Group or corporate and individual performance.

3.2 As part of its review, the RC shall ensure that:

- (a) the level and structure of remuneration should:
  - (i) be aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel (including senior management) to successfully manage the Company;
  - (ii) be linked to Group or corporate and individual performance and such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the Company; and
  - (iii) take account of the risk policies of the Company and be symmetric with risk outcomes and be sensitive to the time horizon of risks.
- (b) the remuneration of NEDs should be appropriate to the level of their contribution, taking into account factors such as effort and time spent, and responsibilities of the NEDs. NEDs should not be overly compensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage NEDs to hold shares in the Company so as to better align the interests of such NEDs with the interests of shareholders.
- (c) 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 the performance of individual Directors and key management personnel (including senior management).



- (d) the remuneration package of employees related to Directors or controlling shareholders of the Group is in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.
- (e) Principle 8 and Guidelines 8.1 to 8.4 of the Code shall be taken into consideration.
- (f) expert advice inside and/or outside the Company on remuneration of all Directors are sought, where necessary, and ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.
- (g) the contracts of service or letters of appointment of the Directors and key management personnel (including senior management) should contain contractual provisions:
  - (i) to allow the Group to reclaim incentive components of remuneration from the executive Directors and key management personnel (including senior management) in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group.
  - (ii) that termination clauses are fair and reasonable and are not overly generous in the event of termination of the contracts of service or letters of appointment of the executive Directors and key management personnel (including senior management). The RC should aim to be fair and avoid rewarding poor performance.

#### **4. REPORTING PROCEDURES**

- 4.1 The RC shall report from time to time its findings and recommendations to the Board, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 4.2 The RC shall make recommendations to the Board as it deems appropriate in any area within its remit where action or improvement is needed.

#### **5. REMUNERATION**

- 5.1 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 powers 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.
- 5.2 Such special remuneration shall be in addition to the annual fees payable to members of the RC.

## **6. GENERAL**

- 6.1 The Company should disclose details of any remuneration payable to key management personnel (including senior management) by band and on an individual and named basis, in its annual reports.
- 6.2 The Company should provide the RC with sufficient resources to perform its duties.
- 6.3 Where necessary, the RC should seek independent professional advice, at the Company's expense, to perform its responsibilities.
- 6.4 The Board will ensure that the RC has access to internal and external or other independent professional advice in order for it to perform its duties.
- 6.5 The Committee shall evaluate and assess its effectiveness and the adequacy of these terms of reference from time to time and recommend any proposed changes to the Board.
- 6.6 These terms of reference may from time to time be amended as required, subject to the approval of the Board.
- 6.7 The RC should make available its terms of reference explaining its role and the authority delegated to it by the Board by including them on the HKEX's website and the Company's website.
- 6.8 The RC should conduct a regular evaluation of its performance.