

KOON HOLDINGS LIMITED

(Company Registration No. 200303284M)
(Incorporated in the Republic of Singapore)

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. CONSTITUTION

- 1.1. The Remuneration Committee (the “**Committee**”) is constituted pursuant to Article 105 of the Company’s Constitution and was established by the Board of Directors of the Company (“**Board**”) on 11 April 2008.
- 1.2. 1.2 In the event of any conflict between the provisions of these Terms of Reference and the provisions of the Corporate Governance Principles and Recommendations of the Australian Securities Exchange Limited (the “**Code**”) and unless the Board resolves otherwise, the provisions of the Code shall prevail and the provisions of these Terms of Reference shall be deemed amended to such extent as may be necessary to remove such conflict.

2. MEMBERSHIP

- 2.1. The Committee shall be appointed by the Board from among its members and shall comprise not less than three members (or such other minimum number and criteria as may be specified in the Code from time to time), the majority of whom (including the Chairman of the Committee) shall be Independent Directors of the Company.
- 2.2. The Committee shall have at least one member of the Committee who is knowledgeable in the field of executive compensation (or such other minimum number and criteria as may be specified in the Code from time to time), failing which the Committee shall have access to expert advice inside and/or outside the Company.
- 2.3. The Board shall appoint the Chairman of the Committee from the members of the Committee, who shall be an Independent Director of the Company. The Secretary, who shall not be a member, may be invited to attend meetings as the Committee may decide.
- 2.4. A member shall automatically cease to be a member of the Committee if he is removed as or is disqualified from being a Director pursuant to Singapore law or the Company’s Constitution or if he retires or resigns from the Board.
- 2.5. Where the number of members is reduced to below three, the Board shall, within three months of that event, appoint such number of new member(s) as may be required to make up the minimum number of three members.

2.6. Notwithstanding any vacancy in their body, the continuing members of the Committee may act so long as the number of members of the Committee does not fall below two for a period exceeding three months.

3. TERMS OF REFERENCE

3.1. The Committee shall:

- (i) in consultation with the Chairman of the Board, recommend to the Board for its endorsement, a framework of remuneration for the Board and the key executives of the Company, covering all aspects of remuneration, including without limitation, Director's fees (and the process by which such Directors' fees are allocated to the Directors), salaries, allowances, bonuses, options and benefits-in-kind;
- (ii) determine the specific remuneration packages for each Executive Director, Managing Director, and the Chief Executive Officer of the Company (or executive of similar rank if he is not an Executive Director);
- (iii) review and make recommendations to the Board regarding:
 - (a) the remuneration packages to be awarded to senior executives of the Company;
 - (b) equity-based remuneration plans for senior executives and other employees of the Company;
 - (c) superannuation arrangements of directors, senior executives and other employees; and
 - (d) whether there is any gender or other inappropriate bias in remuneration for directors, senior executives, or other employees;
- (iv) propose, for approval by the Board, appropriate and meaningful measures for assessing the Executive Directors' performance;
- (v) consider what compensation commitments the Executive Directors' contracts of service, if any, would entail in the event of early termination;
- (vi) consider whether Directors should be eligible for benefits under long-term incentive schemes; and
- (vii) recommend to the Board and administer any employee performance share option schemes or share scheme from time to time, and to do all acts necessary in connection therewith.

- 3.2.** In making its deliberations and recommendations, the Committee shall consider factors as may be specified in the Code from time to time, as well as the following factors:
- (i) the level of remuneration necessary to attract, retain and motivate senior personnel (including Executive Directors) needed to run the Company successfully;
 - (ii) performance-linked remuneration as part of the total remuneration package to align remuneration to corporate and individual performance;
 - (iii) to set remuneration and employment conditions linked to those of the industry and in comparable companies;
 - (iv) the remuneration package shall take into account the Company's relative performance and the performance of individual Directors;
 - (v) the remuneration of Non-Executive Directors should be appropriate to their contribution taking into account effort and time spent and responsibilities undertaken, and should adhere to the following guidelines:
 - (a) Non-Executive directors should be remunerated by way of cash fees, and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity);
 - (b) levels of fixed remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of the role;
 - (c) Non-Executive Directors should not receive performance-based remuneration as it may lead to bias in their decision-making and compromise their objectivity;
 - (d) it is generally acceptable for Non-Executive Directors to receive securities as part of their remuneration to align their interests with the interests of other shareholders. However, Non-Executive Directors generally should not receive options with performance hurdles attached or performance rights as part of their remuneration as it may lead to bias in their decision-making and compromise their objectivity; and
 - (e) Non-Executive Directors should not be provided with retirement benefits other than superannuation;
 - (vi) the remuneration of Executive Directors should adhere to the following guidelines:

- (a) remuneration packages for executive directors and other senior executives should include an appropriate balance of fixed remuneration and performance-based remuneration;
 - (b) remuneration should be reasonable and fair, taking into account the Company's obligations at law and labour market conditions, and should be relative to the scale of the Company's business. It should reflect core performance requirements and expectations;
 - (c) remuneration should be linked to clearly specified performance targets. These targets should be aligned to the entity's short and long-term performance objectives and should be appropriate to its circumstances, goals and risk appetite;
 - (d) remuneration may also include equity-based remuneration, including options, which can be an effective form of remuneration, especially when linked to hurdles that are aligned to the Company's longer-term performance objectives; and
 - (e) termination payments, if any, for senior executives should be agreed in advance and the agreement should clearly address what will happen in the case of early termination. There should be no payment for removal for misconduct;
- (vii) in the case of service contracts of Directors, they shall not be excessively long or with onerous removal provisions and there may be an initial fixed appointment period after which they shall be subject to re-election;
 - (viii) to encourage long-term incentive schemes, including share schemes;
 - (ix) the use of share option schemes shall be weighted against other kinds of long-term incentives;
 - (x) in normal circumstances, offers of shares or granting of options or other forms of deferred remuneration should vest over a period of time; and
 - (xi) Directors should be encouraged to hold their shares beyond the vesting period, subject to the need to finance acquisition and associated tax liability.

4. MEETINGS AND PROCEEDINGS

- 4.1.** The Committee will regulate its own procedures and in particular the calling of meetings, the notice to be given for such meetings, the voting and the proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.
- 4.2.** The Committee shall meet as often as it deems necessary. A meeting may be called by any member of the Committee.
- 4.3.** Non-member Directors and the executive officers of the Company and its related companies may only attend meetings of the Committee if invited.
- 4.4.** Meetings of the Committee may be conducted by means of telephone or audio-visual conferencing or other methods of simultaneous communication by electronic, telegraphic or other means by which all persons participating in the meeting are able to hear and be heard at all times by all other participants.

The minutes of such meetings signed by the Chairman of the Committee shall be conclusive evidence of any matter conducted at such meetings.

- 4.5.** The quorum for meetings shall be any two members present and voting. At least half of the members present must be Non-Executive Directors.
- 4.6.** At all meetings of the Committee, the Chairman of the Committee, if present, shall preside. In his absence, the members present at the meeting shall elect one of its members, who shall be an independent Director, to be Chairman of the meeting.
- 4.7.** All decisions of the Committee shall be made via a simple majority of the votes cast. In the event of an equality of votes, the Chairman of the Committee shall have a second or casting vote.

Provided that a resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at the meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like forms, each signed by one or more members.

- 4.8.** The Secretary shall minute the proceedings and resolutions of all meetings as well as keep appropriate records. If the Secretary is not present, the Chairman shall inform the Secretary as to the decision of the Committee. The minutes of meetings may be circulated to the other members of the Board if the Chairman of the Committee so decides.

5. REPORTING

5.1. The Committee shall ensure that the following (and such other information as may be specified in the Code from time to time) are disclosed in the Company's Annual Report:

- (i) the names of the members of the Committee.
- (ii) a clear disclosure of the Company's remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, including the remuneration for all Directors and senior executives;
- (iii) the names of the Executive Directors and at least the top five key executives (who are not Directors) earning remuneration which falls within bands of \$250,000. Within each band, there shall be a breakdown (in percentage terms) of each Executive Director's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, share options granted and other long-term incentives;
- (iv) details (similar to paragraph 5.1 (iii) above) of the remuneration of employees who are immediate family members of a Director or the Chief Executive Officer and whose remuneration exceed \$150,000 during the year with clear indication of which Director or the Chief Executive Officer to whom the employee is related; and
- (v) details of the Company's employee share option schemes, or performance share schemes to enable shareholders to assess the benefits and potential cost to the Company, including without limitation, the potential size of grants, the methodology for valuing the share options, the exercise price of options that were granted as well as outstanding and whether the exercise price was at the market price of the Company's shares or otherwise on the date of grant, the market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.

5.2. The Committee shall use reasonable efforts to procure that:

- (i) the Board recommends the remuneration of the Non-Executive Directors for approval at the Company's Annual General Meetings; and
- (ii) the Board considers each year whether the circumstances are such that the shareholders of the Company should be invited, at the Annual General Meeting, to approve the remuneration policy set out in the Annual Report.

- 5.3.** The Chairman (or in his absence, another member) of the Committee shall attend the Company's Annual General Meeting and be prepared to answer questions.
- 5.4.** The Committee shall ensure that the Terms of Reference of the Committee is made available to shareholders via its website.