

## VALUE CONVERGENCE HOLDINGS LIMITED

### **Duties and powers delegated by the Board to the Chairman, Chief Executive Officer and matters reserved for decision of the Board**

#### **1. Duties and powers delegated by the Board to the Chairman**

The duties and powers delegated by the Board to the Chairman under Article 117 of the Company's Articles of Association, collaterally with the Board's own powers and subject to withdrawal, revocation or variation under Article 117, are as follows:

- (a) approving any transaction involving an amount not exceeding HK\$50,000,000 and which is not a notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as they may be amended from time to time (the "**Listing Rules**") or a connected transaction under Chapter 14A of the Listing Rules;
- (b) approving any financing decisions involving an amount not exceeding HK\$50,000,000 and which is not a notifiable transaction under Chapter 14 of the Listing Rules or a connected transaction under Chapter 14A of the Listing Rules; and
- (c) approving any capital expenditure decisions involving an amount not exceeding HK\$50,000,000 and which is not a notifiable transaction under Chapter 14 of the Listing Rules or a connected transaction under Chapter 14A of the Listing Rules.

#### **2. Duties and powers delegated by the Board to the Chief Executive Officer**

The duties and powers delegated by the Board to the Chief Executive Officer under Article 117 of the Company's Articles of Association, collaterally with the Board's own powers and subject to withdrawal, revocation or variation under Article 117, are as follows:

- (a) the power to manage the day to day business and affairs of the Company and to exercise all such powers of the Company in connection therewith, other than:
  - (i) powers which are required under the Companies Ordinance (Cap. 32) of the Laws of Hong Kong or the Company's Articles of Association to be exercised by the Company in general meeting; and

- (ii) powers which have been reserved to the full Board or delegated to any Committee of the Board pursuant to a resolution of the Board;
- (b) without prejudice to the generality of paragraph (a) above, the powers delegated by the Board to the Chief Executive Officer include the following powers:
  - (a) operating the Company's businesses within the parameters, and in accordance with the strategies, set by the Board from time to time, and keeping the Board informed of material developments of the Company's businesses and the implementation of those strategies;
  - (b) developing and formulating business plans, budgets, strategies, business and financial objectives of the Company, and implementing those plans, budgets, strategies and objectives subject (to the extent required by any resolution of the Board) to approval by the Board;
  - (c) leading the management of the Company's relationships with its stakeholders;
  - (d) where proposed transactions, commitments or arrangements exceed any applicable thresholds set by the Board which require the relevant transactions, commitments or arrangements to be approved by the Board or a Board Committee, referring the matter to the relevant Board Committee or the Board for its consideration and approval;
  - (e) implementing the overall risk management policies for the Company set by the Board, developing procedures designed to ensure compliance with those risk management policies and informing the Board of any material instances of non-compliance;
  - (f) identifying and managing operational and other risks, and where those risks could have a material impact on the Company's businesses, formulating strategies for managing those risks;
  - (g) ensuring that the Board is provided with sufficient information and explanation on a timely basis with regard to the Company's businesses, and in particular with respect to the Company's performance, financial condition, operating results and prospects, positioning the Board to fulfill its governance responsibilities and enabling it to make an informed assessment of any matter put before the Board for approval and monitoring the performance of management;

- (h) implementing the provisions of any applicable Codes on Corporate Governance approved by the Board;
- (i) implementing policies, processes and procedures for the management and development of the Group's employees;
- (j) determining the remuneration of the Group's employees, other than the remuneration of those employees required to be determined by the Remuneration Committee of the Board in accordance with the terms of reference of the Remuneration Committee;
- (k) upon prior consultation with the Remuneration Committee or the Board, granting or authorising the grant of options or other awards under any share option plans or other incentive schemes of the Company, except to the extent that such options or other awards may only be granted by the Remuneration Committee or by the Board or with the approval of shareholders pursuant to the terms of reference of the Remuneration Committee or the provisions of the relevant share option plan or incentive scheme or the provisions of the Listing Rules;
- (l) providing leadership for Management; and
- (m) such other duties and powers as may be delegated to the Chief Executive Officer by the Board from time to time.

### **3. Matters reserved for decision of the Board**

The following matters are reserved for approval by decision of the Board:

- (a) the setting of the strategic direction of the Group;
- (b) any material matter involving any conflict of interest for a substantial shareholder of the Company or a Director;
- (c) connected transactions and continuing connected transactions under the Listing Rules;
- (d) any transaction which is a major transaction, very substantial acquisition, very substantial disposal or reverse takeover under the Listing Rules;
- (e) financing decisions involving an amount exceeding HK\$100,000,000;
- (f) capital expenditure decisions involving an amount exceeding HK\$100,000,000;
- (g) setting overall risk management policies for the Company and reviewing

- compliance with those risk management policies;
- (h) dividend policy, the declaration of interim dividends and any recommendations to shareholders for the declaration of final dividends;
  - (i) the approval of the annual operating and capital expenditure budgets for the Company;
  - (j) the approval of the Company's financial statements and published reports;
  - (k) the adoption of, or significant changes to, accounting policies applicable to the Company's financial statements;
  - (l) appointments to the Board, based on recommendations of the Nomination Committee;
  - (m) appointment of the Chief Executive Officer and reviewing the performance of the Chief Executive Officer;
  - (n) the appointment or removal of the Company's external auditor, based on recommendations of the Audit Committee;
  - (o) changes to the terms of reference or membership of any Committee of the Board;
  - (p) changes to the authority delegated by the Board to the Chief Executive Officer; and
  - (q) any other matters which exceed the scope of authority delegated to the Chief Executive Officer and any Committees of the Board appointed by the Board.

*(Updated in April 2009)*