

WO KEE HONG (HOLDINGS) LIMITED

REMUNERATION COMMITTEE

Terms of Reference

Approved by the Board on March 28, 2012

1. Constitution

The board (the “**Board**”) of directors (the “**Directors**”) of Wo Kee Hong (Holdings) Limited (the “**Company**”) resolved to establish a committee of the Board to be known as the Remuneration Committee (the “**Committee**”) on April 25, 2005. The constitution of the Committee shall comply with the requirements of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)(the “**Listing Rules**”) from time to time.

2. Membership

- 2.1 The Committee shall comprise of not less than three members, each being appointed by the Board. A majority of the members should be independent non-executive Directors.
- 2.2 The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive Director.
- 2.3 The company secretary shall be the secretary of the Committee.
- 2.4 The appointment of the members or secretary of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee.

3. Attendance at meetings

- 3.1 The Chairman of the Board shall be notified of all meetings of the Committee and may be in attendance thereat, provided that he shall not be in attendance when his own remuneration package/benefits are being discussed. The Executive Directors and/or the Head of Human Resources may also be called upon by the Chairman of the Committee to attend the meeting or to speak, if necessary.
- 3.2 The quorum of the Committee meeting shall be two members and a majority of which shall be the independent non-executive Directors.
- 3.3 A Committee member may not appoint any alternate to attend any Committee meeting.

4. Proceedings of the Committee

- 4.1 Unless otherwise agreed by all the Committee members, a meeting shall be called by at least seven days' notice.
- 4.2 A Committee member may and, on the request of a Committee member, the secretary to the Committee shall, at any time summon a Committee meeting. Notice shall be given to each Committee member in person, orally or in writing or by telephone or by telex or telegram or facsimile transmission or e-mail at the telephone number or facsimile number or address or e-mail address from time to time notified to the secretary by such Committee member or in such other manner as the Committee members may from time to time determine.
- 4.3 Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting.
- 4.4 Notice of meeting shall state the purpose, time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the meeting. In respect of regular meetings of the Committee to be held as mentioned in paragraph 15 below, and so far as practicable in all other meetings of the Committee, the agenda and accompanying papers shall be sent in full to all the members of the Committee in a timely manner and at least 3 business days before the intended date of the meeting of the Committee (or such other period as all the Committee members may agree).
- 4.5 No Committee member may vote on any resolution of the Committee regarding his own remuneration.

5. Frequency of meetings

The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require.

6. Committee's Resolutions

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 a meeting of the Committee duly convened and held and may consist of several documents in like form each signed by one or more of the members of Committee. Such resolution may be signed and circulated by fax or e-mail. This provision is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

7. Overriding principles

- 7.1 Remuneration levels should be sufficient to attract and retain Directors to run the company successfully, without paying more than is necessary.
- 7.2 No director should be involved in deciding his own remuneration.

- 7.3 The Committee should consult the chairman and/or chief executive about their proposals for other executive directors. The Committee should have access to independent professional advice if necessary.

8. Authority

- 8.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 8.2 The Committee is authorised by the Board to be provided with sufficient resources to perform its duties, including obtaining independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

9. Duties

The duties of the Committee shall be:

- (a) to make recommendations to the Board on the Group's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to have the delegated responsibility to determine the remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of Non-executive Directors. The Committee should consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (d) to review and approve compensation payable to Executive Directors and 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;
- (e) 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;
- (f) to ensure that no Director or any of his associates is involved in deciding his own remuneration; and

(g) to consider other topics as it is directed by the Board to do so.

10. Annual General Meeting

The Chairman of the Committee or, by agreement of the Committee, his delegate shall attend the Annual General Meeting prepared to respond to questions from any shareholder of the Company on the Committee's activities.

11. Reporting procedures

11.1 The secretary shall circulate the minutes of meetings and reports of the Committee to all members of the Board. Full minutes of meetings of the Committee should be kept by the secretary of the meeting and draft and final versions of minutes of the Committee shall be sent to all Committee members for their comment and records within a reasonable time after the meeting.

11.2 The Committee should report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as restrictions on disclosure due to regulatory requirements).

12. Availability of the terms of reference

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 Stock Exchange's website and the Company's website.

13. Senior Management

For the purpose of this document, senior management shall mean those employees or officers who are determined to be senior management by the Board.

14. Continuing application of the Bye-laws of the Company

The Bye-laws of the Company regulating the meetings and proceedings of the Directors of the Company so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

The Chinese version is for reference only. Should there be any discrepancies, the English version will prevail.