

Yue Yuen Industrial (Holdings) Limited

Terms of Reference – Remuneration Committee

1. Membership

- 1.1 Members of the Remuneration Committee (the “Committee”) shall be appointed by the Board of Directors (the “Board”) of Yue Yuen Industrial (Holdings) Limited (the “Company”). A majority of the members of the Committee shall be independent non-executive directors.
- 1.2 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.

2. Quorum

- 2.1 The quorum necessary for the transaction of business shall be 2 and one of them must be independent non-executive director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, power and discretions vested in or exercisable by the Committee.

3. Meetings

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

4. Annual General Meeting

- 4.1 The Committee Chairman or in his absence, another member of the Committee or failing this his duly appointed delegate shall attend the Annual General Meeting of the Company prepared to respond to any shareholder questions at the meeting.

5. Duties

The Committee shall:

- 5.1 make recommendations to the Board on the Company’s policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- 5.2 have the delegated responsibility to determine the specific remuneration packages of all 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 of appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Committee should consider factors such as salaries paid

by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Company's group and desirability of performance-based remuneration.

- 5.3 review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.
- 5.4 review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.
- 5.5 review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- 5.6 ensure that no director or any of his associates is involved in deciding his own remuneration;
- 5.7 consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors;
- 5.8 determine such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
- 5.9 oversee any major changes in employee benefits structures throughout the Company or its subsidiaries; and
- 5.10 report regularly to the Board.

6. Authority

- 6.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
- 6.2 In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice.