



LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

REMUNERATION COMMITTEE

Terms of Reference

I. Constitution

The board of directors (the “Board”) of Luen Thai Holdings Limited (the “Company”) established a remuneration committee (the “Committee”) with authority, responsibility, and specific duties as described below.

II. Composition of the Committee

The members of the Committee shall be appointed by the Board and shall consist of not less than three independent non-executive directors. A majority of the members of the Committee shall be independent non-executive directors. The chairman of the Committee (the “Committee Chairman”) shall be an independent non-executive director appointed by the Board.

III. The Committee Chairman

- A. The chairman of the Company shall not be eligible to be appointed as the Committee Chairman.
- B. The Committee Chairman should attend the annual general meeting of the Company or in the absence of the Committee Chairman, another member of the Committee or failing this his duly appointed delegate, to be available to answer questions from shareholders on matters within the scope of duties of the Committee.

IV. The Secretary

The Company Secretary, or his or her nominee, shall act as the Secretary of the Committee.

V. Proceedings

Unless varied by these terms of reference, meetings and proceedings of the Committee shall be governed by the Company's Articles of Association regulating the meetings and proceedings of Directors.

VI. Quorum

The quorum for decisions of the Committee shall be any two independent non-executive directors. A duly convened meeting of the Committee which is quorate shall have the power to exercise all or any of the powers, authorities or discretions vested in or exercisable by the Committee.

VII. Attendance at Meetings

- A. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman, the Chief Executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- B. Formal meetings of the Committee may be held by telephone or other communication equipment which allows those participating to hear and speak to each other, and the quorum in that event shall be any two Committee members so linked.

VIII. Frequency of Meetings

Meetings of the Committee shall be held as and when appropriate, but at least once a year, held to coincide with key dates within the financial reporting and audit cycle. The Chairman of the Committee or any other member may convene a meeting of the Committee whenever he or she considers it necessary or desirable.

IX. Notices of Meetings

- A. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.
- B. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than 7 business days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

X. Minutes of Meetings

- A. The Secretary of the Committee shall record the proceedings and resolutions of the Committee.
- B. The Secretary shall promptly circulate copies of the minutes of meetings of the Committee to all members of the Committee, and to all members of the Board unless a conflict of interest exists. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and records within a reasonable time after the meeting.

XI. Duties

The Committee is a standing committee under the Board. It discharges its duties under the terms of reference so delegated by the Board, and reports and makes recommendations to the Board. The duties of the Committee shall be to:

- A. make recommendations to the board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- B. review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
- C. make recommendations to the board on the remuneration packages of individual executive directors and 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;
- D. make recommendations to the board on the remuneration of non-executive directors;
- E. consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group;
- F. 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 relevant contractual terms and is otherwise fair and not excessive;
- G. 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;
- H. ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- I. do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;
- J. conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation;
- K. review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), if any; and
- L. consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules from time to time.

XII. Reporting Responsibilities

- A. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;
- B. The Committee shall make whatever recommendations to the Board that it deems appropriate on any area within its scope of duties where action or improvement is needed;
- C. The Committee shall produce an annual report of the Company's remuneration policy and practices, which will form part of the Company's annual report; and
- D. The Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless prohibited by applicable laws and regulations (such as a restriction on disclosure due to regulatory requirements).

XIII. Authority

The Board authorizes the Committee to:

- A. investigate any matter within its Terms of Reference and seek any information it requires from any employee (all employees being directed to co-operate with any such request by the Committee);
- B. obtain outside legal or other independent professional advice, including the advice of independent remuneration consultants at the cost of the Company, if it considers necessary; and
- C. be provided with sufficient resources to perform the duties.

XIV. Other

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

If there is any inconsistency between the English version and Chinese version of these terms of reference, the English version shall prevail