



SOUTH EAST GROUP LIMITED

(東南國際集團有限公司) *

(Incorporated in Bermuda with limited liability)

(Stock Code: 726)

**TERMS OF REFERENCE OF
THE REMUNERATION COMMITTEE**

1. Constitution

As resolved by the board of directors (the “Board”) of South East Group Limited (the “Company”) on 31 March 2006, a remuneration committee (the “Remuneration Committee”) was approved to be established under the Board.

2. Membership

2.1 The Remuneration Committee shall consist of not less than three (3) members appointed by the Board from time to time. The majority of the Remuneration Committee members should be independent non-executive directors.

2.2 The Board should appoint one of the Remuneration Committee members as the chairman of the Remuneration Committee (the “Committee Chairman”), who must be an independent non-executive director. All the Remuneration Committee members, including the Committee Chairman, will hold office only so long as they serve as directors of the Company.

2.3 The company secretary of the Company shall act as the secretary of the Remuneration Committee (the “Secretary”).

3. Frequency and proceedings of meetings

3.1 The Remuneration Committee shall meet at least once a year. Additional meetings shall be convened as and when necessary.

3.2 The quorum for a meeting shall be two (2) members of the Remuneration Committee and one of them must be an independent non-executive director. A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Remuneration Committee.

3.3 The Remuneration Committee may invite any director and/or senior management and/or officer and/or any member of staff of the Company to attend meetings from time to time in order to answer specific points or concerns.

3.4 The Remuneration Committee may also invite advisors or outsiders with relevant experience, including without limitation external professional advisors or consultants, to attend meetings to advise its members if necessary.

* For identification purpose only

- 3.5 Meetings of the Remuneration Committee shall be summoned by the Secretary at the request of any member thereof.
- 3.6 Unless otherwise agreed, notice confirming the venue, date and time together with an agenda of items to be discussed in a meeting shall be forwarded to each member of the Remuneration Committee and any other person required to attend, at least two (2) business days prior to the date of the meeting.
- 3.7 The chairman of the Board shall have the right to attend and speak at meetings of the Remuneration Committee; other Board members shall also have the right of attendance or shall be able to speak by prior arrangement with the Committee Chairman.
- 3.8 The Secretary shall record the proceedings and resolutions of each Remuneration Committee meeting, including the names of those present and in attendance, and maintain full minutes of all Remuneration Committee meetings.
- 3.9 Minutes of Remuneration Committee meetings shall be circulated to all members of the Remuneration Committee and to all members of the Board.

4. Role, authority and duties

The Remuneration Committee should consult the chairman and/or chief executive of the Company about their remuneration proposals for other executive directors. The Remuneration Committee should be provided with sufficient resources to perform its duties. It should have access to independent professional advice if necessary.

The duties of the Remuneration Committee are as follows: -

- (a) to 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) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) to 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) to make recommendations to the Board on the remuneration of non-executive directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group;

- (f) 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;
- (g) 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; and
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration.

The terms of reference of the Remuneration Committee was adopted on 31 March 2006, and amended by the Board on 27 March 2012.

The English text of these terms of reference shall prevail over the Chinese text in case of discrepancies or inconsistencies.

As at 30 March 2012, the Remuneration Committee comprises three members including two independent non-executive directors, namely Mr. LO Yuk Lam (Chairman of the Remuneration Committee) and Mr. WONG Kam Wah; and one non-executive director, namely Mr. Eduard William Rudolf Helmuth WILL.