

**SMIT HOLDINGS LIMITED (the Company)**  
**Remuneration Committee Terms of Reference**  
**Adopted by the Board on 6 March 2016**

**1 Constitution**

The board of directors of the Company (the **Board**) hereby constitutes and establishes a remuneration committee (the **Remuneration Committee**) with authority, responsibility, and specific duties as described below.

B.1.1  
Rule 3.25

**2 Membership**

The Remuneration Committee shall be appointed by the Board and a majority of the members of the Remuneration Committee shall be independent non-executive directors. The members of the Remuneration Committee shall appoint its Chairman who must be an independent executive-director. The Remuneration Committee shall consist of at least three members. A quorum shall be two members, one of whom should be an independent non-executive director.

B.1.1  
Rule 3.25,  
Rule 3.26

**3 Secretary**

The secretary of the Remuneration Committee (the **Secretary**) shall be the company secretary of the Company or any other person designated as such by the Remuneration Committee from time to time.

**4 Authority**

The Remuneration Committee is authorised by the Board to investigate any activity within this 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 Remuneration Committee. The Remuneration Committee is authorised by the Board to obtain independent professional advice as necessary to assist the Remuneration Committee. The Remuneration Committee shall be provided by the Company with sufficient resources to perform its duties.

B.1.1  
B.1.4

**5 Duties**

5.1 The duties of the Remuneration Committee shall include:

B.1.2

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|-----|---|----------------------|
| (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.1.2(a)             |
| (b) | to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;   | B.1.2(b)             |
| (c) | to make recommendations to the Board on 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; | B.1.2(c)             |
| (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 Company's group;   | B.1.2(e)             |
| (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 they are consistent with contractual terms and are otherwise reasonable and not excessive;                                      | B.1.2(f)<br>B.1.2(d) |
| (g) | to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;   | B.1.2(g)             |
| (h) | to ensure that no director or any of his associates is involved in deciding his own remuneration;   | B.1.2(h)             |
| (i) | to prepare a remuneration report, (which should include a summary of the work of the Remuneration Committee during the year) for inclusion in the Company's corporate governance report; and  | L(d)(i)              |
| (j) | to report back to the Board on its decisions or recommendations (unless there are legal or regulatory restrictions on its ability to do so) and to keep the Board of directors fully informed of its actions.   | D.2.2                |

5.2 For the purpose of this term of reference, "senior management" refers to the same persons referred to in the Company's annual report and required to be disclosed under paragraph 12 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Exchange**). Note to A.7

- 5.3 The Remuneration Committee should consult the chairman and/or the chief executive of the Company about their remuneration proposals for other executive directors and should seek independent professional advice where necessary. B.1.1

## **6 Frequency of meetings**

The Remuneration Committee should meet as least once per year. Additional meetings shall be held as the work of the Remuneration Committee or circumstances require. The Chairman may convene additional meetings at his discretion.

## **7 Attendance**

- 7.1 As necessary or desirable, the Chairman may request that members of management be present at the meeting of the Remuneration Committee.
- 7.2 Meetings may be held by way of telephone conference.

## **8 Minutes**

Full minutes of the Remuneration Committee meeting(s) shall be kept by the Secretary. The Secretary shall send the draft and final version of the minutes to all committee members for their comment and records within a reasonable time after the meeting.

## **9 General**

- 9.1 The Remuneration Committee should make available these terms of reference, explaining its role and the authority delegated to it by the Board, by including them on the Exchange's website and the Company's website. B.1.3
- 9.2 The Chairman of the Remuneration Committee (in his absence, another member of the Remuneration Committee) shall make himself available to attend the annual general meetings of the Company to answer questions thereat. E.1.2