



NEW CENTURY GROUP HONG KONG LIMITED

新世紀集團香港有限公司 *

(Stock Code : 234)

REMUNERATION COMMITTEE - TERMS OF REFERENCE

1. Constitution

The board of directors (the “Board”) of New Century Group Hong Kong Limited (the “Company”) resolved to establish a committee of the Board known as the Remuneration Committee (the “Committee”) on 12 July 2005.

2. Membership

- 2.1 Members of the Committee shall be appointed by the Board.
- 2.2 The members of the Committee shall not be less than two and the majority of the members of the Committee shall be independent non-executive directors.
- 2.3 The chairman of the Committee shall be appointed by the Board and must be an independent non-executive director.
- 2.4 The company secretary of the Company shall be the secretary of the Committee.

3. Quorum

The quorum necessary for the transaction of business of the Committee shall be two members of the Committee and one of them must be independent non-executive directors.

4. Frequency of meetings

The Committee shall meet at least once a year. Additional meetings shall be held as the work of the Committee demands.

5. Proceedings at meetings

Unless otherwise specifically provided for in these terms of reference, all of the provisions of the Bye-laws of the Company regulating meetings and proceedings of the Board shall, mutatis mutandis, govern the meetings and proceedings of the Committee.

** For identification only*

6. Authority

- 6.1 The Committee shall consult the chairman of the Board and/or the chief executive officer of the Company about their remuneration proposals for other executive directors.
- 6.2 The Committee is authorised by the Board to seek any information it requires from senior management of the Company in order to perform its duties.
- 6.3 The Committee is authorised by the Board where necessary to have access to independent professional advice at the Company's expense.
- 6.4 The Committee shall be provided with sufficient resources to perform its duties.

7. Duties

The Committee shall have the following duties:

- 7.1 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;
- 7.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 7.3 either:
 - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or
 - (ii) 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;

- 7.4 to make recommendations to the Board on the remuneration of non-executive directors;
- 7.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

- 7.6 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;
- 7.7 to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they consistent with contractual terms and are otherwise reasonable and appropriate; and
- 7.8 to ensure that no director or any of his associates is involved in deciding his own remuneration.

8. Reporting Procedures

The secretary of the Committee shall circulate the minutes of the meetings of the Committee to all members of the Board.