



LUNG KEE GROUP HOLDINGS LIMITED

龍記集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 255)

Website: <http://www.irasia.com/listco/hk/lkm>

REMUNERATION COMMITTEE

TERMS OF REFERENCE

Constitution/Functions

1. The Board hereby resolves to establish a Committee of the Board to be known as the Remuneration Committee to establish the remuneration policy of the Group, review and determine the remuneration of directors and the senior management.

Membership

2. A majority of the members of the Committee should be independent non-executive directors. A quorum shall be two members.
3. The Chairman of the Committee shall be appointed by the Board and should be an independent non-executive director.

Secretary

4. The company secretary shall be the secretary of the Committee.
5. The Committee may from time to time appoint any person with appropriate qualification and experience as the secretary of the Committee.

Meetings

6. The meetings and proceedings of the Committee are governed by the provisions contained in the Company's Bye-laws.
7. Meetings shall be held at least once a year.

Attendance at Meetings

8. The Committee may invite the Chairman of the Board, the other members of the Board, external advisers and other person to attend any meetings of the Committee.
9. Only the members of the Committee are entitled to vote at the meetings.

Annual General Meetings

10. The Chairman of the Committee or in his/her absence, another member of the Committee, shall attend the Group's annual general meeting and be prepared to respond to shareholders' questions.

Authority

11. The Committee shall consult the Chairman of the Board and the other members of the Board about their proposals relating to the remuneration of directors and senior management.
12. The Committee is authorised by the Board to seek any remuneration related information it requires from any employee of the Group and where necessary to have access to professional advice in order to perform its duties.

Duties

13. The duties of the Committee shall be:-
 - (a) to make recommendations to the Board on the Group'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 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.

Reporting Procedures

14. The Committee shall report to the Board after each meeting.
15. The secretary shall circulate the minutes of meetings of the Committee to all members of the Board.