



有利集團有限公司*
Yau Lee Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 0406)

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

A. Purpose

1. The Remuneration Committee is established as a committee of the Board. It is responsible for considering and reviewing the remuneration packages of the executive directors.

For this purpose, remuneration shall include:

- (a) annual base salary;
 - (b) annual incentive opportunity;
 - (c) stock option or other equity participation plans;
 - (d) profit-sharing plans;
 - (e) long-term incentive opportunity;
 - (f) the terms of employment agreements, severance arrangements, and change in control agreements, in each case as, when and if appropriate;
 - (g) any special or supplemental benefits; and
 - (h) any other payments that are deemed compensation under applicable rules.
2. The Remuneration Committee is also responsible for the considering and reviewing the pay and conditions for other senior executive below the executive director level and emoluments of the non-executive directors prior to approval of award by the Board before the commencement of each financial year. The committee shall have no powers other than those set out in this terms of reference.

B. Membership

3. The Remuneration Committee shall have four members which comprise three Independent non-executive directors and one executive director. The quorum for the committee shall be three members of which at least two must be Independent non-executive directors. The members of the Remuneration Committee shall be appointed by the Board. Members of the Remuneration Committee may be removed at any time by action of the Board. The chairman of the committee shall be an independent non-executive director and appointed by the Board. Members shall be appointed for an initial three-year term of office after which they shall continue for another term, if not revoked.

C. Meetings

4. The Remuneration Committee shall meet at least once per year or more frequently as circumstances require. The meeting shall be held prior to a recommended award presented to the Board for approval.
5. The Company Secretary shall be appointed as secretary. An agenda shall be circulated at least seven days before each meeting to the committee members. The minutes of the meetings of the committee shall be circulated to the Board.

D. Authority and Responsibilities

6. To fulfill its responsibilities, the Remuneration Committee shall:
 - (a) review and approve on an annual basis corporate goals and objectives relevant to Chief Executive Officer (“CEO”) compensation, evaluate the CEO’s performance in light of those goals and objectives and, either as a committee or together with the other independent directors (as directed by the Board), recommend the CEO’s compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Remuneration Committee will also consider, among such other factors as it may deem relevant, the Company’s performance, shareholder returns, the value of similar incentive awards to chief executive officers at comparable companies and the awards given to the CEO in past years. The CEO shall not be present during voting or deliberations relating to the CEO’s compensation;
 - (b) review and make recommendations to the Board on an annual basis with respect to non-CEO compensation;
 - (c) make recommendations to the Board with respect to the Company’s incentive compensation plans and equity-based plans;
 - (d) approve compensation awards (with or without ratification or approval of the Board) as may be required to comply with applicable tax and local corporate laws;
 - (e) report regularly to the Board; and
 - (f) perform any other activities consistent with the terms of reference, the Company’s by-laws and governing law, as the Remuneration Committee or the Board deems necessary or appropriate.

Nothing in the terms of reference shall preclude the Board from discussing CEO or non-CEO compensation generally or any other subject.

E. Resources

7. The Remuneration Committee shall have the sole authority to retain or terminate consultants to assist the Remuneration Committee in the evaluation of director, CEO or senior executive compensation.

8. The Remuneration Committee shall have the sole authority to determine the terms of engagement and the extent of funding necessary for payment of compensation to any consultant retained to advise the Remuneration Committee.

* For identification purpose only