

LEI SHING HONG LIMITED (the "Company")

Terms of Reference of Remuneration Committee

Adopted at the Board meeting on 27 April 2012

1. Constitution

1.1 The board of directors of the Company (the "**Board**") has resolved to establish a remuneration committee (the "**Remuneration Committee**") with authority, responsibility, and specific duties as described below.

2. Membership

2.1 The Remuneration Committee shall be appointed by the Board and shall be made up of at least three members, the majority of whom shall be independent non-executive directors.

2.2 The Board shall appoint and remove the Chairman of the Remuneration Committee (the "**Chairman**"), who shall be an independent non-executive director.

2.3 The company secretary of the Company or if there are joint secretaries, either one of them shall be the secretary of the Remuneration Committee (the "**Secretary**").

3. Quorum

3.1 The quorum necessary for the transaction of business of the Remuneration Committee shall be two members of the Committee. 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.

4. Authority

4.1 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.

4.2 The Remuneration Committee shall be provided with sufficient resources to discharge its duties. It is authorised by the Board to consult the chairman or the chief executive officer of the Company about their proposals relating to the remuneration of other executive directors and have access to independent legal or other professional advice at the Company's expense on any matters within its terms of reference if considered necessary.

5. Duties

5.1 The Remuneration Committee shall 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.

5.2 The Remuneration Committee shall with delegated responsibility determine:

- 5.2.1 the remuneration packages of individual executive directors and senior management and the terms of their service contracts (including salaries, bonuses, benefits in kind, and the terms on which they participate in any share or other incentive scheme and any provident fund or other retirement benefit scheme), considering salaries paid by comparable companies, time commitment and responsibilities, employment conditions elsewhere in the group; and
- 5.2.2 the terms and conditions on which the employment of any executive director or senior management shall be terminated to ensure that any compensation payments (including any compensation payable for loss or termination of their office or appointment) is consistent with the contractual terms and that such compensation is fair and not excessive.
- 5.3 The Remuneration Committee shall make recommendation to the Board on the remuneration of non-executive directors.
- 5.4 The Remuneration Committee shall review and approve:
 - 5.4.1 the management's remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
 - 5.4.2 compensation payable to executive directors and senior management for any loss or termination of their office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and
 - 5.4.3 compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms are otherwise reasonable and appropriate.
- 5.5 The Remuneration Committee shall consider and approve the grant of share options to eligible participants pursuant to the share option scheme of the Company (if any).
- 5.6 The Remuneration Committee shall ensure that no director or any of its associates is involved in deciding his own remuneration.
- 5.7 The Remuneration Committee shall report to the directors on all matters within its duties and responsibilities after each meeting and as the directors may require from time to time.
- 5.8 The Chairman shall, as far as practicable, attend the annual general meeting of the Company and make himself available to respond to any shareholder questions on all matters within the duties and responsibilities of the Remuneration Committee.
- 5.9 The Remuneration Committee shall exercise such other powers, authorities and discretions, and perform such other duties, of the directors in relation to the remuneration of the directors and senior management as the Board may from time to time delegate to it, having regard to the Corporate Governance Code (the "**Code**") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") if applicable to the Company.
- 5.10 In exercising its power, authorities and discretions and performing its duties, the Remuneration Committee shall take full account of the Code and the Listing Rules.
- 5.11 For the purpose of this term of reference, "senior management" should refer to the same category of persons as referred to in the Company's annual report and required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules.

- 5.12 In carrying out its duties under this terms of reference, the Remuneration Committee should:
- 5.12.1 provide the packages needed to attract, retain and motivate executive directors of the quality required to run the Company successfully, but should avoid paying more than is necessary for this purpose;
 - 5.12.2 be sensitive to the wider scene, including pay and employment conditions elsewhere, especially when determining annual salary increases;
 - 5.12.3 ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive directors and should be designed to align their interest with those of shareholders and to give these directors keen incentives to perform at the highest levels; and
 - 5.12.4 ensure that share options (if any) are offered in accordance with the Listing Rules (as amended from time to time).

6. Frequency of meetings

- 6.1 Meetings shall be held annually and at such other times as appropriate.

7. Attendance

- 7.1 The Managing Director and the Finance Director shall normally attend Remuneration Committee Meetings.
- 7.2 The Chairman may request that members of management be present at the meeting of the Remuneration Committee.
- 7.3 Meetings may be held by way of telephone conference.

8. Minutes

- 8.1 The Secretary shall arrange for keeping of records of all resolutions passed at the meetings of the Remuneration Committee.
- 8.2 Minutes of the Remuneration Committee shall be circulated to all members of the Remuneration Committee within a reasonable time (generally within 14 days) after each meeting and, once agreed, to all members of the Board.

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.