

**EASYKNIT ENTERPRISES HOLDINGS LIMITED**  
(the “Company”)

**Remuneration Committee – Terms of Reference**  
(revised on 17 March 2006)

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**1. CONSTITUTION**

- 1.1 The Remuneration Committee (the “Committee”) is appointed by the board of directors of the Company (the “Board”).
- 1.2 Subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the bye-laws of the Company, the Committee shall be regulated by these terms of reference (the “Terms of Reference”).

**2. MEMBERSHIP & SECRETARY**

- 2.1 The Committee shall consist of at least three members (the “Members”), the majority of whom shall be independent non-executive directors.
- 2.2 The Chairman of the Committee shall be appointed by the Board.
- 2.3 The Company Secretary or his/her nominee shall be the secretary of the Committee.

**3. MEETINGS**

- 3.1 The Committee shall meet at least once a year.
- 3.2 Meetings and proceedings of the Committee shall be governed by the provisions contained in the Company’s bye-laws for regulating the meetings and proceedings of directors. Unless otherwise determined, two Members shall be a quorum.
- 3.3 The Committee may invite directors of the Company, external advisers or other persons to attend the meeting of the Committee.
- 3.4 Full minutes of meetings shall be kept by the secretary of the Committee and shall be open for inspection by any director of the Company. Draft and final versions of minutes shall be sent to all Members for their comment and records respectively, in both cases within a reasonable time after the meeting.

**4. AUTHORITY**

- 4.1 The Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about their proposals relating to the remuneration of other executive directors.
- 4.2 The Committee is authorised by the Board to seek any remuneration related information it requires from senior management of the Company in order to perform its duties.

- 4.3 The Committee is authorised by the Board to obtain outside legal or other independent professional advice at the Company's expense and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. Arrangement to seek the advice could be made through the Company Secretary.
- 4.4 The Committee should be provided with sufficient resources to discharge its duties.

## **5. DUTIES**

The Committee shall have the following duties:

- 5.1 to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- 5.2 to have the delegated responsibility to review and make recommendations to the Board on the specific remuneration packages of all executive directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of remuneration of non-executive directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;
- 5.3 to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- 5.4 to review and approve the compensation payable to executive directors in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- 5.5 to review and approve the compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation is otherwise reasonable and appropriate;
- 5.6 to ensure that no director or any of his associates is involved in deciding his own remuneration;
- 5.7 to advise shareholders of the Company on how to vote with respect to any service contracts of directors that require shareholders' approval under the Listing Rules; and
- 5.8 to do any such things to enable the Committee to discharge its duties conferred on it by the Board.

## **6. REPORTING PROCEDURES**

- 6.1 The Committee shall report back to the Board on its decisions or recommendations after each meeting, unless there are legal or regulatory restrictions on its ability to do so.

## **7. COMMUNICATION WITH SHAREHOLDERS**

- 7.1 The Chairman of the Committee, or in his/her absence another Member of the Committee or failing this, a duly appointed delegate, shall attend the annual general meeting of the Company to answer questions in relation to the Committee.

## **8. AVAILABILITY OF TERMS OF REFERENCE**

- 8.1 The Terms of Reference shall be posted on the Company's website.
- 8.2 A copy of the Terms of Reference will be made available to any person upon request without charge.

### ***Note:***

*Pursuant to bye-law 96(B) of the Company's bye-laws, payments to any director or past director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the director is contractually entitled) must be approved by the Company in general meeting.*