



## REMUNERATION COMMITTEE TERMS OF REFERENCE

### 1. OBJECTIVE

The Remuneration Committee (the “**Committee**”) of Easyknit Enterprises Holdings Limited (the “**Company**”) is to assist the board of directors of the Company (the “**Board**”) to develop and administer a fair and transparent procedure for setting policy on the remuneration of directors and senior management of the Company and for determining and approving their remuneration packages.

### 2. MEMBERSHIP

- 2.1 All members of the Committee (the “**Members**”) shall be appointed by the Board and shall comprise a minimum of three non-executive directors.
- 2.2 The majority of the Members shall be independent non-executive directors.
- 2.2 The Chairman of the Committee (the “**Chairman**”) shall be appointed by the Board and must be an independent non-executive director.
- 2.3 The Company Secretary of the Company or his delegate shall be the secretary of the Committee.

### 3. AUTHORITY

- 3.1 The Committee shall report directly to the Board and shall, where appropriate, consult the Chairman and/or the Chief Executive Officer of the Company for any clarification on proposals relating to the remuneration of executive directors and senior management.
- 3.2 The Committee is authorized to obtain independent professional advice and to secure assistance from external parties with relevant experience and expertise if it considers necessary. The Committee shall have the sole authority to approve all reasonable related fees and terms of engagement.
- 3.3 The Committee is to be provided with sufficient resources to perform its duties.



#### **4. DUTIES**

The duties of the Committee shall include the following aspects:

- 4.1 to make recommendations to the Board on the Company's policy and structure for the remuneration of directors (including non-executive directors) and senior management whilst ensuring no director or any of his associates is involved in deciding his own remuneration;
- 4.2 to review and determine, with delegated responsibility, the remuneration packages of individual executive director and senior management with reference to the Board's corporate goals and objectives. This shall include without limitation to the basic salaries, deferred compensation, stock options and any benefits in kind, pension rights, incentive payments and any other compensation payments;
- 4.3 to review and approve the compensation arrangements in connection with any loss or termination of their office or appointment, or dismissal or removal for misconduct to executive directors and senior management which shall be fair and not excessive;
- 4.4 in the determination of remuneration policy and packages, to consider factors such as salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere within the group and in the market; and
- 4.5 to do any such things to enable the Committee to perform its duties conferred on it by the Board.

#### **5. MEETINGS**

- 5.1 Frequency  
The Committee shall meet at least once a year. Additional meeting shall be held as the work of the Committee demands.
- 5.2 Notice  
Notice of any meetings of the Committee has to be given at least 14 days prior to any such meeting held, unless all Members unanimously waive such notice.
- 5.3 Quorum  
The quorum of the Committee shall be any two Members.
- 5.4 Attendance  
At the invitation of the Committee, the Chairman of the Board and/or senior management, external advisers and other persons may be invited to all or part of any meetings.



永義實業集團有限公司  
**Easyknit Enterprises Holdings Limited**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 0616)**

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Only Members are entitled to vote at Committee meetings.

The Chairman in his absence, another Member shall attend the annual general meetings of the Company and be prepared to respond to the questions from shareholders on the activities of the Committee and their responsibilities.

5.5 Resolutions

- (a) Resolutions of the Committee shall be passed by a majority of votes. Meetings can be held in person, by telephone or by video conference.
- (b) A resolution in writing signed by all the Members shall be as valid and effectual as if it has been passed at a meeting of the Committee duly convened and held.

5.6 Minutes

The secretary of the Committee shall keep full minutes of all Committee meetings. Draft minutes of meetings of the Committee shall be sent to all Members for their comment within a reasonable time after the meeting. The final version of the minutes duly signed by the Chairman shall be sent to all Members for their records.

**6. PUBLICATION OF THESE TERMS OF REFERENCE**

A copy of these Terms of Reference will be made available to any person without charge upon request and these Terms of Reference will be posted on the respective website of the Company and Hong Kong Exchanges and Clearing Limited.

*March 2012*