



**VARITRONIX INTERNATIONAL LIMITED**  
**(the “Company”)**

**Terms of Reference**  
**of**  
**Remuneration Committee**  
**(the “Committee”)**

**1. Background**

1.1 The Committee is responsible for determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors’ service contracts, performed by the Committee.

**2. Membership**

2.1 The members of the Committee shall be appointed by the board of directors (the “Board”) from amongst the directors of the Company.

2.2 The Committee chaired by an independent non-executive director and comprises a majority of independent non-executive directors.

2.3 The company secretary of the Company or his/ her nominee shall act as the secretary of the Committee.

**3. Proceedings**

3.1 The quorum necessary for the meeting of the Committee shall be 2.

3.2 The Committee chaired by an independent non-executive director.

3.3 Proceedings of meetings of the Committee shall be governed by the provisions contained in the Bye-laws of the Company.

**4. Duties**

The duties of the Committee shall include the following:-

- 4.1 to 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;
- 4.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 4.3 either:
  - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management;  
or
  - (ii) 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;

- 4.4 to make recommendations to the Board on the remuneration of non-executive directors;
- 4.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- 4.6 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;
- 4.7 to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

4.8 to ensure that no director or any of his associates is involved in deciding his own remuneration.

**5. Authorities**

5.1 The Committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors.

5.2 The Committee should have access to independent professional advice if necessary.

5.3 The Committee should be provided with sufficient resources to perform its duties.

**6. Reporting Procedures**

6.1 The secretary of the Committee shall circulate the minutes of meetings or resolutions in writing of the Committee to all members of the Board.

Where any discrepancy arises between the Chinese translation and the original English version, the English version shall prevail.