



Pacific Textiles Holdings Limited

互太紡織控股有限公司

Remuneration Committee

薪酬委員會

Terms of reference adopted on April 27, 2007

職權範圍採用於 2007 年 4 月 27 日

Members:

Mr. CHAN Yue Kwong, Michael (*Chairman*)

Mr. SZE Kwok Wing, Nigel

Mr. NG Ching Wah

Mr. Lam Wing Tak

Mr. Tsang Kang Po

委員:

陳裕光先生 (主席)

施國榮先生

伍清華先生

林榮德先生

曾鏡波先生

DEFINITIONS

In these terms of reference, unless the context otherwise requires, the following terms have the meaning set out below:

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| “associates” | shall have the same meaning as that defined under the Listing Rules; |
| “Board” | means the Board of Directors of the Company; |
| “Committee” | means the Remuneration Committee of the Board of the Company; |
| “Company” | means Pacific Textiles Holdings Limited (互太紡織控股有限公司); |
| “Directors” | means the directors of the Company, and “Director” means any one of them; |
| “Independent Non-executive Directors” | means Directors meeting the requirements of independence set out in the Listing Rules, and “Independent Non-executive Director” means any one of them; |
| “Listing Rules” | means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and |
| “senior management” | means the category of persons as referred to in the Company’s annual report and persons considered as senior management under the Listing Rules. |

Composition

- 1** The Committee shall comprise not less than three Directors, the majority of whom shall be Independent Non-executive Directors.
- 2** The chairman of the Committee shall be appointed by the Board.
- 3** If any member of the Committee is unable to act for any reason, the chairman of the Committee may, with the agreement of the other members of the Committee, appoint any other Independent Non-executive Director to act as his alternate.
- 4** The secretary of the Committee shall be the Company Secretary or any person designated as such by the Committee from time to time.

Disclosure of interests

- 5** Each member of the Committee shall disclose to the Committee any personal financial interest in, and any potential conflict of interest arising from, any matter to be decided by the Committee. Any member with such interest(s) or potential conflict of interest shall abstain from voting on resolutions of the Committee relating to such interest(s) or potential conflict of interest and from participating in any discussion concerning such resolutions and (if so requested by the Board) shall resign from the Committee.
- 6** No Director (including any member of the Committee) shall be involved in any decision as to his own remuneration.

Proceedings

- 7** The quorum for meetings of the Committee shall be not less than any two of its members.
- 8** The chairman of the Committee may convene meetings at his discretion, but in any event meetings of the Committee are to be held not less than once every year, or at such frequency as required under the Listing Rules or other regulatory requirements applicable to the Company from time to time.

Authorities and Duties

- 9** The Committee is authorised by the Board:
 - 9.1** to investigate remuneration paid to directors and officers of other companies of a similar size in a comparable industry sector;
 - 9.2** where necessary, to obtain legal or other independent professional advice at the cost of the Company; and
 - 9.3** to secure the attendance of any person with relevant experience and expertise at Committee meetings as it considers appropriate.

- 10** The duties of the Committee are:
- 10.1** to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
 - 10.2** to determine on behalf of the Board the specific remuneration packages of all executive Directors and senior management 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 on the remuneration of non-executive Directors. In making such determination, the Committee shall consider factors such as salaries paid by comparable companies, the time commitment and responsibilities of the Directors, employment conditions elsewhere in the group of companies to which the Company belongs and the desirability of performance-based remuneration;
 - 10.3** to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
 - 10.4** to review and approve the compensation payable to executive Directors and senior management 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;
 - 10.5** to review and approve 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 payment is otherwise reasonable and appropriate;
 - 10.6** to ensure that no Director or any of his associates is involved in deciding his own remuneration;
 - 10.7** 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 or any other regulatory requirements applicable to the Company;
 - 10.8** to consult the Company's Chairman and/or Chief Executive Officer about its proposals relating to the remuneration of other executive Directors; and
 - 10.9** to consider all other matters as referred to the Committee by the Board.

Miscellaneous

- 11** The Committee shall provide such information to the Board as is necessary to assist the Board in reporting to the shareholders each year on remuneration policy and details of the remuneration of each Director and members of senior management in accordance with the Listing Rules or other regulatory requirements applicable to the Company.
- 12** The Committee shall make available these terms of reference, explaining its role and the authority delegated to it by the Board.

- 13** The Committee shall perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.
- 14** The Committee shall make available at least one of its members to attend the Company's annual general meeting to answer shareholders' questions about Directors' remuneration and other remuneration policies.
- 15** Full minutes of meetings of the Committee shall be kept by the secretary to the meetings of the Committee and such minutes shall be open for inspection at any reasonable time on reasonable notice by any Director. The secretary to any meeting of the Committee shall circulate the minutes of the meeting of the Committee for which he or she has acted as secretary in both draft and final form to all members of the Board within a reasonable time after such meeting is held.
- 16** The Committee shall report back to the Board on all of their decisions or recommendations.

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Nothing contained in these terms of reference is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under applicable laws and the Listing Rules.