

Effective on 1 April 2012



PAK FAH YEOW INTERNATIONAL LIMITED

白花油國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 239)

**TERMS OF REFERENCE FOR THE
REMUNERATION COMMITTEE**

** For identification purpose only*

PAK FAH YEOW INTERNATIONAL LIMITED
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Terms of Reference for the Remuneration Committee

Formation

The Remuneration Committee (the “Committee”) was formed pursuant to the board resolution of Pak Fah Yeow International Limited (“the Company”) passed on 31 December 2004.

Composition and Quorum

The Committee members shall be appointed by the board of directors (“the Board”) of the Company amongst the directors of the Company. A majority of the Committee members should be independent non-executive directors.

Members : The Committee shall consist of not less than 3 members
Quorum : 2

The chairman of the Committee should be independent non-executive director.

The meetings and proceedings are governed by the provisions contained in the bye-laws of the Company for regulating meetings and proceedings of Directors.

Authority

1. The Committee is authorised by the Board to investigate any activity within its 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 Committee.
2. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

The duties of the Committee shall be: —

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.

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2. To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objections.
3. either :
 - (i) to determine, with delegated responsibility, the remunerations packages of individual executive directors and senior management; or
 - (ii) make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

This shall include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.
4. To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group.
5. To review and approve compensation payable to executive directors and senior management for any loss termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.
6. To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they consistent with contractual terms and are otherwise reasonable and appropriate.
7. To make recommendations to the Board on the remuneration for non-executive directors.
8. To ensure that no director or any of his associates is involved in deciding his own remuneration.
9. To consult the chairman and/or the chief executive officer about their remuneration proposals for other executive directors and have access to independent professional advice if necessary.
10. To consider other topics as defined by the Board.