

MAN YUE INTERNATIONAL HOLDINGS LIMITED

(hereinafter referred to as the “Company”)

Terms of Reference for the Remuneration Committee

Adopted by the Board of Directors on 22 March 2006

Constitution

1. The board of directors of the Company (hereinafter referred to as the “Board”) hereby resolved to establish a committee of the Board to be known as the Remuneration Committee (hereinafter referred to as the “Committee”)

Membership

2. The Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company and shall consist of not less than three members, at least one of whom is an Independent Non-Executive Director and have an understanding of remuneration policies and practices. The majority of the members of the Committee shall be Independent Non-Executive Directors of the Company. A quorum shall be two members, at least one of whom shall be an Independent Non-Executive Director.
3. The Chairman of the Committee shall be appointed by the Board and shall be an Independent Non-Executive Director of the Company.

Meetings

4. The Committee will meet as and when required to discharge its responsibilities, but not less than twice annually. All meetings will be called by the Company Secretary as directed by the Board or at the request of the Chairman of the Committee.

Authority

5. The Committee is appointed by the board of directors of the Company to make recommendations to the board of directors on the Company’s policy and structure for all remuneration of directors and senior manager.
6. The Committee is authorised by the Board to develop and recommend to the Board, and to subsequently maintain with regard to ongoing best practice, a set our corporate governance principles and procedures applicable to the Committee’s responsibilities and duties.
7. The Committee is authorised by the Board to:
 - be supported by the Administration Department and to obtain any information it requires from any employee of the Company; and
 - obtain or retain outside legal or other professional advice at the Company’s expense as appropriate.

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Responsibilities and duties

8. To make recommendations to the Board of 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;
9. To decide, with consultation with the Chairman of the Board, where to position the Company relative to others in terms of remuneration level and board composition. To meet this end, the Committee is required to be cognizant of the current situation in respect of comparable companies in the area of directors’ remuneration, using an external remuneration consultant as is necessary;
10. To determine 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) – considering such factors as salaries paid by other comparable companies, time commitment and responsibilities in their roles as directors, employment conditions elsewhere in the group, the financial health of the Company, the desirability of performance-based remuneration and the general economic climate;
11. To make recommendations to the Board on the remuneration of non-executive directors considering such factors as fees paid by other comparable companies, and time commitment and responsibilities in their roles as directors;
12. To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
13. 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;
14. 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 appropriate;

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15. To prepare appropriate disclosure concerning the Committee to be included in the Corporation Governance Report in the Company’s annual report, to at least meet the level of disclosure set out in the Stock Exchange’s Listing Rules; and
16. To ensure that the Committee’s terms of reference are made available to shareholders and other interested parties, through being posted on the company’s website and being made available on request from the Company Secretary.

Minutes

17. Minutes of meetings of the Committee shall be kept by the Company Secretary. Draft and final versions of each meeting’s minutes will be sent to all Committee members for their comment and records, respectively. Once each meeting’s minutes have been approved by the Chairman of the Committee, they will be distributed to all member of the Board for confirmation at the next board meeting.