



PACIFIC PLYWOOD HOLDINGS LIMITED
太平洋實業控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 767)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. CONSTITUTION

The board of directors (the “**Board**”) of Pacific Plywood Holdings Limited (the “**Company**”) has established a committee known as the remuneration committee (the “**Remuneration Committee**”).

2. MEMBERSHIP

The members of the Remuneration Committee shall be appointed by the Board and shall consist of not less than three (3) members. A majority of the members of the Remuneration Committee should be independent non-executive directors.

Member shall immediately (and automatically) cease to be a member of the Remuneration Committee if he or she shall cease to hold the office of director for any cause.

Unless otherwise determined, quorum for a meeting of the Remuneration Committee shall be two (2) members.

3. CHAIRMAN

The chairman of the Remuneration Committee shall be appointed by the Board, provided that if he or she is not in attendance at any meeting of the Remuneration Committee, the members in attendance may appoint a chairman for that meeting.

4. ATTENDANCE AT MEETINGS

The chairman of the Board, chief executive officer and / or chief financial officer, if requested, shall attend meetings of the Remuneration Committee. Other Board members shall have the right of attendance.

5. SECRETARY

The company secretary shall act as the secretary at any meeting of the Remuneration Committee and, if the company secretary is absent, the chairman of the Remuneration Committee shall appoint a person, who need not be a director, to act as the secretary of the meeting.

6. NOTICE

Notice of the time and place of each meeting of the Remuneration Committee must be given to each member not less than three (3) business days before the time when the meeting is to be held.

7. VOTING

At all meetings of the Remuneration Committee, any question shall be decided by a simple majority of votes cast by members of the Remuneration Committee attending the meeting and voting on the question.

8. RESOLUTION IN WRITING

Except as required by laws, a resolution signed by all of the members of the Remuneration Committee is as valid as if it had been passed at a meeting of the Remuneration Committee.

9. FORM OF MEETING

Any member of the Remuneration Committee may participate in a meeting of the Remuneration Committee by means of such telephonic, electronic or other communication facilities that permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

10. AUTHORITY

The Remuneration Committee should consult the chairman and / or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to independent professional advice if considered necessary.

11. DUTIES

The duties of the Remuneration Committee include:-

- (a) 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;

- (b) to review and approve the management's remuneration proposals with reference on the board's corporate goals and objectives;
- (c) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. The remuneration package should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office of appointment;
- (d) to make recommendations to the Board on the remuneration of non-executive directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company's group
- (f) 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 for the Company;
- (g) 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;
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration; and
- (i) to consult the chairman of the Company and/or chief executive about their remuneration proposals for other executive directors.