

FIRST PACIFIC COMPANY LIMITED

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. Constitution and Scope

The Board hereby resolves to establish a Committee of the Board to be known as the Remuneration Committee. The purposes to establish this Committee are to provide a formal and transparent procedure for setting policy on executive directors' remuneration and for fixing the remuneration packages for all directors and senior management. The Committee is provided with sufficient resources by the Company to discharge its duties. Its functions will extend to activities insofar as they fall within the authority and duties of the Board only.

2. Membership and Meetings:

1. The Remuneration Committee shall be appointed by the Board and shall consist of at least three members, a majority of whom shall be independent non-executive directors. The Chairman of the Remuneration Committee shall also be appointed by the Board.
2. The Remuneration Committee shall meet at least annually and at such other times as the Remuneration Committee may determine appropriate to discharge its responsibilities.
3. The Remuneration Committee may invite the Chief Executive Officer, any director, any member of senior management or any other individuals to attend meetings of the Remuneration Committee as it considers necessary.
4. The Company Secretary or his or her nominee shall be the Secretary of the Remuneration Committee.

3. Authority:

The Board hereby delegates to the Remuneration Committee such powers and authorities as it shall reasonably require to perform its duties and without prejudice to the foregoing:-

- The Remuneration Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee of the Company in order to perform its duties;
- In connection with its duties, the Remuneration Committee is authorised to select, appoint and approve fees for remuneration consultants or other professional advisors to assist the Remuneration Committee in the fulfillment of its duties;
- The Remuneration Committee may delegate its authority to subcommittees or the Chairman of the Remuneration Committee when it deems appropriate and in the best interests of the Company.

4. Duties:

The Remuneration Committee shall have the following duties:

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;
2. To have the delegated responsibility 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), and make recommendations to the board for the remuneration of non-executive directors;
3. To review and approve performance-based remuneration by reference to corporate goals and objectives laid down by the board from time to time;
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;
5. To review and approve compensation arrangements relating to dismissal or removal of directors and senior management 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;
6. To administer and oversee the Company's share option scheme in accordance with the terms of the scheme;
7. To administer and oversee other share incentive schemes or other equity based schemes of the Company in place from time to time;
8. To produce and approve disclosure statements of the Company's remuneration policy for directors and senior management;
9. To ensure that no director is involved in deciding his own remuneration and that, as regards the remuneration of a non-executive director who is a member of the Remuneration Committee, his remuneration should be determined by the other members of the Remuneration Committee; and
10. To advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under rule 13.68 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Exchange Listing Rules").

Notes:

- (i) *"Senior management" should refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 to the Exchange Listing Rules.*

- (ii) *When determining the remuneration packages of all executive directors, senior management and non-executive directors, the Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of directors, seniority, employment conditions elsewhere in the group and the desirability of performance-based remuneration.*

5. Reporting Procedures:

1. Full minutes of the Remuneration Committee meetings should be kept by a duly appointed secretary of the meeting. Draft and final versions of minutes of the Committee meetings should be circulated to all members of the Board for their comment and records respectively, in both cases within one month after the meeting.
2. The Remuneration Committee shall report to the Board concerning its activities, either orally or in writing, at regular meetings of the Board or more frequently if required.
3. The meetings and proceedings of the Remuneration Committee shall be governed by the provisions of the Company's Bye-laws for regulating the meetings and proceedings of directors.

Revised by the Board of Directors on 31st August, 2005