



PEGASUS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 676)

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

Constitution/Functions

1. The Board hereby resolves to establish a Committee of the Board to be known as the Remuneration Committee to establish the remuneration policy of the Group, review and determine the remuneration of directors and the senior management.

Membership

2. A majority of the members of the Committee should be independent non-executive directors. A quorum shall be two members.
3. The Chairman of the Committee shall be appointed by the Board and should be an independent non-executive director.

Secretary

4. The company secretary shall be the secretary of the Committee.
5. The Committee may from time to time appoint any person with appropriate qualification and experience as the secretary of the Committee.

Meetings

6. The meetings and proceedings of the Committee are governed by the provisions contained in the Company's Bye-laws.
7. Meetings shall be held at least once a year.

Attendance at Meetings

8. The Committee may invite the Chairman of the Board, the other members of the Board, external advisers and other person to attend any meetings of the Committee.
9. Only the members of the Committee are entitled to vote at the meetings.

Authority

10. The Committee shall consult the Chairman of the Board and the other members of the Board about their proposals relating to the remuneration of directors and senior management.
11. The Committee is authorised by the Board to seek any remuneration related information it requires from any employee of the Group and where necessary to have access to professional advice in order to perform its duties.

Duties

12. The duties of the Committee shall be:–

- (a) to make recommendations to the Board on the Group'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;
- (b) 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 of the remuneration of non-executive directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
- (c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (d) 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 Group;
- (e) 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;
- (f) to ensure that no director or any of his associates is involved in deciding his own remuneration; and
- (g) 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.

Reporting Procedures

13. The secretary shall circulate the minutes of meetings of the Committee to all members of the Board.