



VALUE CONVERGENCE HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Website: <http://www.vcgroup.com.hk>

(Stock Code: 821)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. Constitution

1.1 The board (the “**Board**”) of directors (the “**Director(s)**”) of Value Convergence Holdings Limited (the “**Company**”) has established a Committee of the Board known as the Remuneration Committee pursuant to the provisions of the Articles of Association of the Company.

2. Membership

2.1 The Remuneration Committee shall consist of a minimum of three Directors, a majority of whom shall be Independent Non-executive Directors. The Remuneration Committee must be chaired by an Independent Non-executive Director.

2.2 Members of the Remuneration Committee (the “**RC Member(s)**”) may only be appointed or removed by the Board.

2.3 The Chairman of the Remuneration Committee shall be appointed and removed by a decision of the Board.

3. Quorum

3.1 Unless otherwise agreed by all the RC Members, two RC Members shall be a quorum.

4. Meetings

4.1 The Remuneration Committee shall meet at least once a year. Additional meetings shall be held as the work of the Remuneration Committee demands.

- 4.2 The RC Members may participate in any meeting by means of the Remuneration Committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing and speaking to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote.
- 4.3 Resolutions of the Remuneration Committee at any meetings shall be passed by a majority of votes of the RC Members present.
- 4.4 A resolution in writing signed by all the RC Members shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.
- 4.5 The Remuneration Committee may, from time to time, invite the executive Directors and advisers to the meeting, including but not limited to external advisers or consultants to advise its RC Members.
- 4.6 Only RC Members are entitled to vote at the meetings.
- 4.7 All meetings and proceedings of the Remuneration Committee shall be governed by the provisions of the Articles of Association of the Company regulating proceedings of meetings of the Board unless otherwise provided herein.
- 4.8 Full minutes shall be kept by the company secretary of the Company. Draft and final versions of minutes of the meetings shall be circulated to all RC Members for their comments and records, within a reasonable time after meeting.

5. Authority

- 5.1 The Remuneration Committee shall report directly to the Board.
- 5.2 The Remuneration Committee shall consult the Chairman of the Board and/or Chief Executive Officer and/or Executive Committee about their remuneration proposals for other Executive Directors and Senior Management.
- 5.3 The Remuneration Committee is authorized to seek any remuneration related information it requires from any employee or Senior Management or Director of the Company in order to perform its duties.
- 5.4 In connection with its duties, the Remuneration Committee is authorized to obtain advice from any person, including professional consultants, whom it regards as competent to give such advice.

5.5 The Remuneration Committee will be provided with sufficient resources to discharge its duties.

6. Duties and Powers

The Remuneration Committee is established with the following duties and powers:

- 6.1 to make recommendations to the Board on the policies and structure for all Directors' and Senior Management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 6.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 6.3 either (i) to determine, with delegate responsibilities, the remuneration packages of individual executive Directors and Senior Management; or (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 6.4 to make recommendations to the Board on the remuneration of non-executive Directors;
- 6.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- 6.6 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;
- 6.7 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;
- 6.8 to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;

- 6.9 to exercise such other powers, authorities and discretions, and perform such other duties, of the Directors in relation to the remuneration of the executive Directors and Senior Management as the Directors may from time to time delegate to it, having regard to the Corporate Governance Code(the "**Code**") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"); and
- 6.10 in exercising its power, authorities and discretions and performing its duties, the Remuneration Committee shall take full account of the Code and the Listing Rules.

7. Annual General Meeting

- 7.1 The Chairman of the Remuneration Committee or in his/her absence, another RC Member (who must be an independent non-executive Director) of the Remuneration Committee, shall attend the Company's Annual General Meeting and be prepared to respond to shareholders' questions on the Remuneration Committee's activities and their responsibilities.

Note: Reference to "Senior Management" are references to the category of persons referred to as such in the Company's annual report and required to be disclosed under Rule 16.12 of Appendix 16 of the Listing Rules.

(Updated in December 2015)