

CHEVALIER INTERNATIONAL HOLDINGS LIMITED
TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

CONSTITUTION

The Remuneration Committee (the “Committee”) is established by the Board of Directors (the “Board”) of Chevalier International Holdings Limited (the “Company”).

MEMBERSHIP

The members of the Committee shall be from time to time appointed by the Board and shall comprise at least 3 members, majority of whom shall be Independent Non-Executive Directors.

The Chairman of the Committee shall be appointed by the Board and be an Independent Non-Executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

The Chairman of the Board, the Managing Director, the Executive Director, the General Manager, Group Human Resources Manager, external advisers and any other person(s) if invited by the Committee shall attend meetings.

If a regular member is unable to act due to absence, illness or any other cause, he may appoint another independent non-executive director of the Company to serve as an alternate member.

SECRETARY

The Company Secretary or any other person invited by the Committee shall act as the Secretary of the Committee.

QUORUM

A quorum of the meeting shall be 2 members.

FREQUENCY OF MEETINGS

Meetings shall meet at least once each year and otherwise as required.

NOTICE OF MEETINGS

The Secretary of the Committee shall convene meetings and circulate papers in advance of the meeting.

REPORTING PROCEDURES

The Secretary of the Committee shall circulate the minutes of meetings to all members of the Board and such minutes should be kept by the Company Secretary.

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The Committee shall report to the Board on a regular basis. At the next Board meeting following a Committee's meeting, the Committee's Chairman shall report the Committee's findings and recommendations to the Board.

ANNUAL GENERAL MEETING

The Chairman or in his absence, another member of the Committee, or failing this his duly appointed delegate shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

DUTIES, POWERS AND FUNCTIONS

The duties of the Committee shall be:

- 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. either (i) to determine with delegated responsibility, 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 but without limitation, basic salaries, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- c. to make recommendations to the Board on the remuneration of Non-Executive Directors;
- d. to review and approve:
 - i. the management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time;
 - ii. 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; and
 - iii. 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;
- e. to ensure that no director or any of his associates is involved in deciding his own remuneration; and
- f. 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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(Adopted by the Board in March 2012)