



**China Wood Optimization (Holding) Limited**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(the "Company")**

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

*(Adopted at the Board Meeting on 20 December 2013)*

## **CONSTITUTION**

1. The board (the "Board") of directors of the Company (the "Directors") has resolved on 20 December 2013 to establish a committee known as the Remuneration Committee (the "Committee").

## **OBJECTIVE**

2. The Committee is to assist the Board develop and administer the procedures and policies on the remuneration of Directors and senior management of the Company.

## **MEMBERSHIP**

3. The Committee shall consist of not less than three members, a majority of whom shall be independent non-executive Directors. The Committee shall be chaired by an independent non-executive Director. All members and the chairman of the Committee shall be appointed and removed by the Board.
4. No member of the Committee shall appoint any alternate to attend the meeting or perform his duties thereat.
5. The company secretary of the Company or his representative (in his absence) shall be the secretary of the Committee (the "Secretary"). The Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary.

## **QUORUM**

6. The quorum necessary for the transaction of the business of the Committee shall be two members of the Committee.

## **ATTENDANCE OF MEETINGS BY NON-MEMBERS**

7. Other members of the Board, apart from the Members, shall have the right to attend any Meetings, but shall not be counted in the quorum of the relevant Meetings.
8. The Committee may request any Director, any member of senior management or any other individual to attend its meetings.

## **FREQUENCY OF MEETINGS**

9. The Committee shall meet not less than once a year. The members of the Committee may at any time request a meeting if they consider necessary.

## **NOTICE OF MEETING**

10. Meetings of the Committee shall be called by the Secretary at the request of any of its Members.
11. Unless otherwise agreed by all Members, the notice of convening a meeting of the Committee shall be sent out to each Member not less than 5 working days before the meeting.
12. Notice of the Committee meeting shall state the date, time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the Committee for the purposes of the meeting.

## **RESOLUTIONS**

13. Resolutions of the Committee at any of its meetings shall be passed by a majority of votes of its members present.
14. In the event of equal votes, the chairman of the Committee shall have the right of second vote or casting vote.
15. Resolutions in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

## **AUTHORITY**

16. The Committee is authorised by the Board to seek any information it requires from any employee or Director of the Company or from external resources, at the cost of the Company, in order to perform its duties. All employees of the Company are directed to co-operate with any reasonable request made by the Committee.
17. The Committee shall consult the chairman of the Board and / or chief executive officer about their remuneration proposals for other executive directors. In connection with its duties, the Committee is authorised by the Board to obtain

advice from independent professional consultants, whom it regards as competent to give such advice.

18. Where the Board resolves to approve any remuneration or compensation arrangements with which the Committee disagrees, the Board shall disclose the reasons for its resolution in its next corporate governance report.

## **POWERS AND DUTIES**

19. In exercise of powers and in discharge of duties delegated by the Board, the Committee shall:
  - (a) 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) review and if thought fit, approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
  - (c) exercise the delegated powers of the Board to determine or to make recommendations to the Board on the remuneration packages of individual executive Directors, and senior management, including salaries, bonuses, benefits in kind, the terms on which they participate in any share or other incentive scheme and any provident fund or other retirement benefit scheme and compensation payments (including any compensation payable for loss or termination of their office or appointment);
  - (d) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
  - (e) review and if thought fit, approve the 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;
  - (f) review and if thought fit, approve the 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;

- (g) make recommendation to the Board on the remuneration of non-executive Directors which shall be approved by the Board;
  - (h) ensure that no Director or any of his associates is involved in deciding his own remuneration;
  - (i) report to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so;
  - (j) when the occasion arises, advise shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
  - (k) 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 Board may from time to time delegate to it, having regard to the Corporate Governance Code ("the Code") as set out in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("the GEM Listing Rules"); and
  - (l) make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange of Hong Kong Limited's website and the Company's website.
20. In exercising its power, authorities and discretions and performing its duties, the Committee shall take full account of the GEM Listing Rules (including the Code).

## **REPORTING PROCEDURES**

- 21. The Secretary shall circulate the draft and final minutes of Meetings and all written resolutions of the Committee to all members of the Committee for their comment and records within a reasonable time after the meeting.
- 22. The Secretary shall maintain as part of the Company's corporate records all approved minutes of Committee meetings and reports, which should be open for inspection at any reasonable time on reasonable notice by any director
- 23. Any written resolution shall be tabled and noted at the next meetings of the Committee and the Board.

## **ANNUAL GENERAL MEETINGS OF THE COMPANY**

24. The chairman or in his/her absence, another member of the Committee shall attend the Company's annual general meetings and be prepared to respond to questions raised by shareholders of the Company on the Committee's activities and responsibilities.

## **POWERS OF THE BOARD**

25. The Board may, subject to compliance with the articles of association of the Company and the Rules Governing Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, amend, supplement and revoke the terms of reference herein and any resolutions passed by the Committee provided that no amendments to and revocation of the terms of reference herein and the resolutions passed by the Committee shall invalidate any prior act and resolutions of the Committee which would have been valid if the terms of reference herein or resolution had not been amended or revoked.
26. The Board and the Committee shall review the Directors' remuneration at the end of each financial year of the Company.