

**TERMS OF REFERENCE FOR
THE REMUNERATION COMMITTEE
MAN SANG INTERNATIONAL LIMITED**

1. PURPOSE

The remuneration committee (the “**Committee**”) of Man Sang International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) serves the following functions:–

- a. reviewing and approving the Company’s compensation strategy and structure so that compensation be closely linked to the Company’s and individual’s performance; and
- b. setting policy on fixing the remuneration package for all directors and senior management.

2. MEMBERSHIP

- a. The Committee shall consist of not less than three (3) members. The members shall be appointed by the board of directors of the Company (the “**Board**”), a majority of which should be independent non-executive directors.
- b. The term of each Committee member shall be the same as their term as a director of the Company. Subject to the constitutional documents of the Company and applicable laws and regulations, any member of the Committee may be re-appointed by the Board upon expiry of their appointment.
- c. The chairman of the Committee shall be an independent non-executive director appointed by the Board.
- d. The company secretary of the Company shall be the secretary of the Committee. The secretary or in his/her absence, his/her representative or any one member of the Committee, shall be the secretary of a meeting.

3. AUTHORITY

- a. The Committee shall have all authority necessary or implied to carry out its purpose and responsibilities.
- b. The Committee should consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive directors. The Committee should have access to independent professional advice at the Company’s expense if necessary.
- c. The Committee should be provided with sufficient resources to perform its duties.

4. RESPONSIBILITIES

The responsibilities of the Committee shall be:–

- a. making 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. reviewing and approving the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- c. making recommendations to the Board on the remuneration packages of individual executive directors and senior management, which includes benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- d. making recommendations to the Board on the remuneration of non-executive directors;
- e. assessing performance of executive directors and approving the terms of executive director’s service contracts;
- f. considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- g. reviewing and approving 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;
- h. reviewing and approving 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;
- i. ensuring that no director or any of their associates is involved in deciding their own remuneration;

- j. reviewing and/or approving matters relating to share schemes of the Company; and
- k. performing other duties assigned by the Board.

5. MEETINGS

- a. The Committee shall meet at least once a year and more as it deems necessary to fulfill its functions.
- b. The chairman of the Committee shall convene a meeting upon request by any member of the Committee.
- c. Quorum for a meeting shall be two (2) members, one of whom shall be an independent non-executive director. Meetings could be held in person, by telephone or by video conference.
- d. Each member of the Committee shall disclose to the Committee any personal financial interest or potential conflict of interest in any matter to be decided by the Committee.

6. REPORTING PROCEDURES

- a. The Committee shall record its findings and recommendations in written form.
- b. The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.
- c. The secretary of a meeting shall circulate the minutes of meetings of the Committee to all members of the Board.

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Second Version Adopted on November 29, 2011
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