

FLEXSYSTEM HOLDINGS LIMITED

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

(adopted on 21 March 2012)

FlexSystem Holdings Limited
Terms of Reference for Remuneration Committee (adopted on 21 March 2012)

Remuneration Committee members: Independent Non-Executive Director

Dr. Chow Ka Ming, Jimmy

Mr. Liu Zhiquan

Dr. Wong Wing Lit

Chairman of the Remuneration Committee: Dr. Chow Ka Ming, Jimmy

Secretary of the Remuneration Committee: Mr. Tung Tat Chiu

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Constitution

1. The board of directors (the “**Board**”) of FlexSystem Holdings Limited (the “**Company**”) hereby resolves to establish a remuneration committee of the Board (the “**Remuneration Committee**”). The constitution of the Remuneration Committee shall comply with the requirements of the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) from time to time.

Membership

2. The members of Remuneration Committee shall be appointed by the Board and shall consist of not less than three members, a majority of whom should be independent non-executive directors. A quorum shall be two members, one of whom shall be an independent non-executive director.
3. The chairman of the Remuneration Committee shall be an independent non-executive director appointed by the Board.

Attendance at meetings

4. Unless otherwise agreed by all the members of the Remuneration Committee, a meeting (the “**Meeting**”) of the Remuneration Committee shall be called by at least fourteen (14) days’ notice. A member may and, on the request of a member, the secretary shall, at any time summon a Meeting. Notice shall be given to each member, at least fourteen (14) days before the date of the meeting orally in person or in writing or by telephone or by telex or telegram or facsimile transmission at the telephone number or facsimile number or address from time to time notified to the secretary by such member or in such other means as the members may from time to time determine. Any notice given orally shall be confirmed in writing. Notice of meeting shall state the 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 members for the purposes of the Meeting.
5. The company secretary shall be the secretary of the Remuneration Committee. The secretary of the Remuneration Committee or in his absence, his representative or any one member, shall be the secretary of the meetings of the Remuneration Committee.
6. Members of the Remuneration Committee may attend meetings of the Remuneration Committee either in person or through other electronic means of communication.
7. Resolutions of the Remuneration Committee at any meeting shall be passed by a majority of votes of members if more than two members are present and by a unanimous vote if only two members are present.

Frequency of meetings

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8. Meetings shall be held at least once a year.

Authority

9. The Remuneration Committee is authorized by the Board to seek such further information from the management of the Company as it may require in order to enable it to perform its duties.

10. The Remuneration Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if necessary.

Duties

11. The duties of the Remuneration 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) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) 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 benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- (d) to make recommendations to the Board on the remuneration of non-executive directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (f) to review and approve compensation payable to executive directors and 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;

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- (g) 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; and
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration.

Reporting procedures

- 12. Draft and final versions of the minutes of the Remuneration Committee meetings shall be sent to all Remuneration Committee members for their comments and records respectively. The secretary or his representative shall circulate the minutes of meetings and reports of the Remuneration Committee to all members of the Board.

Publication of the terms of reference of the Remuneration Committee

- 13. The terms of reference of the Remuneration Committee will be posted on the websites of the Company and the Stock Exchange, and will be made available upon request.

Others

- 14. The chairman of the Remuneration Committee or in his absence, another member of the Remuneration Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions at the annual general meeting on the Remuneration Committee's activities and their responsibilities.
- 15. The Remuneration Committee should be provided with sufficient resources to perform its duties.
- 16. The Remuneration Committee should consult the chairman and/or chief executive of the Company about their remuneration proposals for other executive directors.