

**WAH HA REALTY COMPANY LIMITED (“THE COMPANY”)
(Incorporated in Hong Kong with limited liability)**

Terms of Reference of the Remuneration Committee

1. CONSTITUTION

The Remuneration Committee (the “Committee”) was formed in May 2005 and is a committee of the Board of Directors of the Company (the “Board”). It is appointed by the Board and reports to it accordingly.

The Term of Reference made pursuant to the Rules Governing The Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) were firstly adopted in 2005. The latest revision, which was approved and adopted by the Board, was effective on 1 January 2012.

2. OBJECTIVE

The Committee is to assist the Board to develop and administer a formal and transparent procedure for setting policy on the remuneration of executive Directors of the Company (“EDs”) and remuneration packages of all the Directors (the “Directors”) and senior management of the Company (the “Senior Management”). No Director shall be involved in deciding his/her own remuneration.

3. MEMBERSHIP

- 3.1 All the members of the Committee (the “Members”) shall be appointed by the Board and can be removed by the Board at its sole discretion.
- 3.2 The Committee shall be made up of at least 3 members, a majority of them shall be Independent Non-executive Directors of the Company (“INEDs”).
- 3.3 The chairman of the Committee shall be appointed by the Board and must be an INED.

3.4 The Board shall from time to time vary the composition of the Committee as may be required by the Listing Rules (as modified from time to time) or other codes, rules and regulations as may be prescribed by any applicable regulatory authority from time to time.

4. SECRETARY

The Company Secretary of the Company (failing whom, a person nominated by the chairman of the Committee) shall be the secretary of the Committee (the “Secretary”) and shall attend all the meetings.

5. MEETINGS

5.1 Frequency

The Committee shall meet at least once a year. Additional meetings shall be held if any of the Members shall so request.

5.2 Notice

Notice of any meetings of the Committee has to be given 7 days prior to any such meeting being held, unless all the Members unanimously agree otherwise. Notice of any adjourned meeting is not required if the adjournment is for less than 14 days.

5.3 Quorum

The quorum necessary for the transaction of business shall be 2 Members, one of which should be an INED. In the absence of the chairman of the Committee, the remaining Members present shall elect one of them to chair the meeting.

5.4 Attendance

5.4.1 The Committee may invite the chairman of the Board, any Director, member of Senior Management or other individual to attend meetings of the Committee as it considers appropriate.

5.4.2 The Secretary shall attend all meetings of the Committee.

5.5 Voting and Resolutions

- 5.5.1 Only the Members are entitled to vote at the meeting.
- 5.5.2 Resolutions at any meeting of the Committee shall be passed by a majority of votes of the Members present. In the case of an equality of votes, the chairman of the meeting shall be entitled to a casting vote.
- 5.5.3 A resolution in writing signed by all the Members shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.
- 5.5.4 Meetings could be held in person, by telephone or by video conference or by any other similar communication equipment by means of which all persons participating in the meeting are capable of hearing each other.

5.6 Minutes

- 5.6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee.
- 5.6.2 The Secretary shall keep full minutes of all meetings of the Committee. Draft and final versions of minutes shall be sent to all the Members for their comments and records within a reasonable period of time after each meeting. Such minutes shall be open for Directors' inspection.

6. ANNUAL GENERAL MEETING

The chairman of the Committee or in his/ her absence, another Member (who must be an INED) of the Committee shall attend the Annual General Meetings of the Company and make himself/ herself available to respond to any shareholder's questions on the Committee's activities and their responsibilities.

7. AUTHORITY

- 7.1 The Committee shall consult the chairman of the Board and/or chief executive about their remuneration proposals for other EDs and Senior Management.
- 7.2 The Committee is authorized by the Board to obtain outside independent professional advice, if considered necessary provided that the Committee shall first obtain the agreement of the chairman of the Board.
- 7.3 The Committee is authorized by the Board to seek any remuneration related information it requires from the Directors or Senior Management of the Company in order to perform its duties.
- 7.4 The Committee shall report directly to the Board.
- 7.5 The Committee is to be provided with sufficient resources to discharge its duties.

8. DUTIES

The Committee shall carry out at least the duties set forth below:-

- 8.1 to make recommendations to the Board on the policy and structure of the Company for all the Directors' and Senior Management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 8.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 8.3 either (i) to determine, with delegated responsibility, the remuneration packages of individual EDs and Senior Management; or (ii) to make recommendations to the Board on the remuneration packages of individual EDs 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;
- 8.4 to make recommendations to the Board on the remuneration of Non-executive Directors;

- 8.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- 8.6 to review and approve compensation payable to EDs 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;
- 8.7 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; and
- 8.8 to ensure that no Director or any of his/her associates is involved in deciding his own remuneration.

9. REPORTING PROCEDURES

The Committee shall report to the Board after each meeting.

10. FREQUENCY OF REVIEW

The Terms of Reference shall be reviewed and revised as required.

11. PUBLICATION OF THE TERMS OF REFERENCE

The Terms of Reference are published on the respective websites of the Stock Exchange and the Company.