CONTINENTAL
HOLDINGS LIMITED
恒和珠寶集團有限公司

(incorporated in Hong Kong with limited liability)
(the "Company")
(Stock Code: 00513)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

Revised and adopted by the board on 22 March 2012

1. Constitution

The board of directors (the "Board") of Continental Holdings Limited (the "Company") hereby constitutes and establishes a remuneration committee (the "Remuneration Committee") with authority, responsibilities, and specific duties as described below.

2. Remuneration Committee

2.1 Membership

2.1.1 Members of the Remuneration Committee shall be appointed by the Board from amongst the directors of the Company only and shall consist of not less than three members, the majority being independent non-executive directors of the Company.

2.1.2 The Chairman of the Remuneration Committee shall be appointed by the Board and must be an independent non-executive director. In the absence of the Remuneration Committee Chairman, the remaining members must elect one of themselves to chair the meeting.

2.1.3 The Company Secretary of the Company or a nominee shall act as the Secretary of the Remuneration Committee.

2.1.4 The appointment of the members and secretary of the Remuneration Committee may be revoked, or additional members may be appointed to the Remuneration Committee by separate resolutions passed by the Board.

3. Proceedings of the Remuneration Committee

3.1 Notice

3.1.1 Unless otherwise agreed by all the Remuneration Committee members, a meeting of the committee shall be called by at least seven (7) days' notice.

3.1.2 A member of the Remuneration Committee may and, on the request of a member of the Remuneration Committee, the secretary to the Remuneration Committee shall, at any time summon a meeting of the Remuneration Committee. Notice shall be given to each member of the Remuneration Committee in person orally or in writing or by telephone or by email or by facsimile transmission at the telephone or facsimile or address or email address from time to time notified to the secretary by such member of the Remuneration Committee or in such other manner as the members of Remuneration Committee may from time to time determine.

3.1.3 Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting.

3.1.4 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 of the Remuneration Committee for the purpose of the meetings.

3.2 Quorum

The quorum of a meeting shall be two members of the Remuneration Committee.

3.3 Attendance of meetings by non-members

Other members of the Board, apart from the members of the Remuneration Committee, have the right to attend any meetings of the Remuneration Committee, though they shall not be counted in the quorum.

3.4 Frequency of meetings

Meetings shall be held at least once every year. The members of the Remuneration Committee may call any meetings at any time when necessary.

4. Minutes of meetings

4.1 Draft and final versions of minutes of Remuneration Committee meetings shall be sent to all Remuneration Committee members for their comment and records within a reasonable time after the meeting.

4.2 Minutes of the Remuneration Committee shall be kept by the company secretary and shall be available for inspection by any member of the Remuneration Committee or the Board at any reasonable time on reasonable notice.

5. Written resolutions

Resolutions may be passed by all members of the Remuneration Committee in writing.

6. Alternate members

A member of the Remuneration Committee may not appoint any alternate.

7. Authority

The Remuneration Committee may exercise the following powers:

(a) to seek any information it requires from any employees of the Company (together with its subsidiaries from time to time, the "**Group**") and any professional advisers, to require any of them to prepare and submit reports and to attend meetings of the Remuneration Committee and to supply information and answer questions raised by the Remuneration Committee; and

(b) to obtain outside legal or other independent professional advice and to secure the attendance of independent third parties with relevant experience and expertise if it considers this necessary.

8. Duties

The duties of the Remuneration Committee shall include, without limitation:

(a) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedures for developing policy on such remunerations;

(b) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance;

(c) to review and approve the managements' remuneration proposals with reference to the Board's corporate goals and objectives;

(d) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

(e) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

(f) to ensure that no director or any of his associate is involved in deciding his own remuneration;

(g) to advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under Listing Rules; and

(h) the Remuneration Committee should be provided with sufficient resources to perform its duties.

Note: "Senior management" refers to the same category of persons as referred to in the Company's annual report. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the directors, is appropriate.

9. Continuing applications of the articles of association of the Company

The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and not inconsistent with the provisions of these Regulations shall apply, *mutatis mutandis*, to regulate the meetings and proceedings of the Remuneration Committee.

10. Powers of the Board

The Board may, subject to compliance with the articles of association of the Company and the Listing Rules (including the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules or, if adopted by the Company, the Company's own code of corporate governance practice) amend, supplement and revoke these Regulations and any resolution passed by the Remuneration Committee provided that no amendments to and revocation of these Regulations and the resolutions passed by the Remuneration Committee shall invalidate any prior act and resolution of the Remuneration Committee which would have been valid if these Regulations or resolution had not been amended or revoked.

11. If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.