

UNITED PACIFIC INDUSTRIES LIMITED

(Incorporated in Bermuda with limited liability)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

FUNCTIONS AND OBJECTIVES

The Remuneration Committee (the "**Committee**") is a committee established by the Board of Directors (the "**Board**") of United Pacific Industries Limited (the "**Company**") to advise the Board on the establishment and administration of a formal and transparent procedure for setting policy on remuneration for directors and senior management and employees of the Company and its subsidiaries (the "**UPI Group**") and for fixing their remuneration packages.

COMPOSITION

1. All members of the Committee shall be appointed by the Board and can be removed by the Board at its sole discretion. The Committee shall comprise not less than three (3) directors, the majority of whom shall be independent non-executive directors.
2. The chairman of the Committee (the "**Chairman**") shall be appointed by the Board and must be an independent non-executive director.

DUTIES

The duties of the Committee shall include:

1. 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;
2. To review and approve the management's remuneration proposals with reference to the corporate goals and objectives formulated by the Board from time to time;
3. To review and determine, with delegated responsibility and with reference to the Board's corporate goals and objectives, the remuneration packages of individual executive directors

and senior management, which include basic salaries, stock options, benefits in kind, pension rights, incentive payments and compensation payments, including compensation payable for loss or termination of their office or appointment;

4. To make recommendations to the Board on the remuneration of non-executive directors;
5. To recommend to the Board the percentage of overall aggregate compensation adjustments for general staff, other than directors and senior management, having considered management's appraisal and recommendation thereon;
6. In the determination of the remuneration policy and packages, to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
7. To review and approve 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;
8. 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;
9. To ensure that no director or any of his associates is involved in deciding his own remuneration;
10. To perform such other functions as may be required by law, the Company's bye-laws, or by the Board, from time to time; and
11. To review from time to time as appropriate these Terms of Reference and the effectiveness of the Committee and to make recommendations to the Board on any necessary change.

AUTHORITY

1. The Committee should report back to the Board on their decisions and recommendations unless there are legal or regulatory restrictions on their ability to do so. Where necessary or appropriate, the Committee shall consult the chairman and/or chief executive of the Company about their remuneration proposals for other executive directors and senior management.

2. The Committee shall be provided with sufficient resources to perform its duties.
3. The Committee is authorised to obtain independent professional advice if necessary. In the event any such independent professional advice is sought by the Committee, the Committee shall have the authority to approve related fees and engagement terms.

COMMITTEE MEETINGS

1. Frequency

The Committee shall meet at least twice per year. Additional meetings may be held if the Committee shall so require.

2. Proceedings

The meetings and proceedings of the Committee are governed by the provisions of the Bye-laws of the Company for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by the regulations imposed by the Board.

3. Quorum

The quorum of the Committee meeting shall be two (2) members.

4. Resolutions

In the absence of the Chairman, members present may elect any member to chair a Committee meeting. All decisions of the Committee shall be decided by a simple majority of votes. A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it has been passed at a meeting of the Committee duly convened and held.

5. Minutes

The minutes of each Committee meeting (the “**Minutes**”) shall be taken and recorded in written form and in sufficient detail the matters considered and decisions reached, including any concerns raised by any member or dissenting views expressed. Drafts and final versions of minutes should be sent to all members for review, comment, approval and record within a

reasonable time after each meeting. The Minutes shall be signed by the Chairman, and any such duly signed Minutes shall be conclusive evidence of events that transpired at the meeting. A copy of the Minutes duly signed shall be sent to the Company Secretary for permanent filing.

PUBLICATION OF THESE TERMS OF REFERENCE

These Terms of Reference in English and Chinese will be published on the respective websites of the Company and Hong Kong Exchanges and Clearing Limited.

30 March 2012