

Virtual Mind Holding Company Limited

天機控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1520)

(the “Company”)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE (THE “COMMITTEE”)

Membership

1. The Committee shall comprise not less than three members appointed by the Company’s board of directors (“**Board**”) from time to time, the majority of whom shall be independent non-executive directors under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).
2. The chairman of the Committee shall be appointed by the Board and shall be an independent non- executive director.
3. The company secretary of the Company or his nominee shall act as the Committee’s secretary.

Frequency and proceedings of meetings

4. The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands.
5. The Committee’s chairman may convene additional meetings at his discretion.
6. The quorum of a meeting shall be three members of the Committee, the majority of whom shall be independent non-executive directors.
7. The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants to advise its members.
8. Proceedings of meetings of the Committee shall be governed by the provisions of articles 117 to 118 of the articles of association of the Company.

Duties, powers and functions

9. The Committee shall—
 - (a) formulate remuneration policy for approval by the Board, which shall

take into consideration factors such as salaries paid by comparable companies, time commitment, employment conditions, and responsibilities, and individual performance of the directors, senior management, and the general staff. Performance shall be measured against corporate goals and objectives resolved by the Board from time to time; and implement the remuneration policy laid down by the Board;

- (b) without prejudice to the generality of the foregoing:
 - (i) establish guidelines and procedures for the recruitment of the chief executive and senior management and developing remuneration policy;
 - (ii) recommend to the Board the policy and structure for the remuneration of directors (including non-executive directors, and the chief executive as an ex-officio member) and senior management whilst ensuring no director or any of his associates is involved in deciding his own remuneration;
 - (iii) determine the remuneration of executive directors (including the chief executive who is an ex-officio member) and senior management, including benefits in kind, pension right, compensation payment (including compensation for loss of office or appointment etc). The chairman and/or the chief executive shall be consulted respectively about their proposals relating to the remuneration of the chief executive and/or senior management, as the case may be;
 - (iv) review and approve the management's remuneration proposals, the compensation payable to executive directors and senior management for any loss or termination of office or appointment and compensation arrangements in connection with dismissal or removal of directors for misconduct which shall be fair, reasonable and not excessive and are consistent with contractual terms;
 - (v) determine the criteria for assessing employee performance, which should reflect the Company's business objectives and targets;
 - (vi) consider the annual performance bonus for executive directors, senior management, and the general staff, having regard to their achievements against the performance criteria and by reference to market norms, and make recommendation to the Board;
 - (vii) engage such external professional advisors to assist and/or advise the Committee on issues as it considers necessary;
 - (viii) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;

- (ix) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
 - (x) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.
10. The Committee shall perform and report to the Board the matters as set out in code provision in Appendix 14 to the Listing Rules.

Reporting Procedures

11. The Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the Committee's chairman shall report the findings and recommendations of the Committee to the Board.