



TAO HEUNG HOLDINGS LIMITED

稻香控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 573)

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

(Approved by the Board on 9 June 2007 and amended by the Board on 22 March 2012)

Purpose

1. The purpose of the Remuneration Committee is to assist the board of directors (the “**Board**”) of Tao Heung Holdings Limited (the “**Company**”) in determining the policy and structure for the remuneration of executive directors, evaluating the performance of executive directors, reviewing incentive schemes and directors’ service contracts and fixing the remuneration packages for all directors and senior management.

Composition

2. The Remuneration Committee shall be appointed by the Board from time to time and shall consist of not less than three non-executive directors, a majority of which shall be independent non-executive directors who shall meet and maintain the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Board shall appoint one member of the Remuneration Committee as the Chairman.

Meetings

3. The Remuneration Committee shall meet at least once annually, or more frequently if circumstances require and shall act by unanimous written consent.
4. The Chairman (or in his or her absence, a member designated by the Chairman) shall preside at all meetings of the Remuneration Committee. The Chairman shall be responsible for leading the Remuneration Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.

Access

5. The Remuneration Committee shall have full access to management and may invite members of management or others to attend its meetings. The Remuneration Committee will consult the chairman and/or chief executive officer of the Company about their proposals relating to the remuneration of other executive directors.

Reporting Procedures

6. The Remuneration Committee shall evaluate and assess the effectiveness of the Remuneration Committee and the adequacy of this Remuneration Committee Terms of Reference on an annual basis and recommend any proposed changes to the Board.
7. Minutes of meetings of the Remuneration Committee and the record of individual attendance at such meetings shall be prepared by the secretary of the Company which shall be sent to all members of the Board as soon as practicable after the conclusion of any meeting of the Remuneration Committee.

Authority

8. The Remuneration Committee is authorized by the Board to determine the remuneration payable to executive directors and members of senior management, the emolument policies and the basis for determining such emoluments. It shall ensure that no director should be involved in deciding his own remuneration.
9. The Remuneration Committee is authorised by the Board to obtain professional advice and assistance from internal or external legal, accounting or other advisors at the expense of the Company if necessary.

Responsibilities and Duties

10. The Remuneration Committee shall perform the following duties:-
 - (a) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management as well as a formal and transparent procedure for developing such remuneration policies;
 - (b) 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 to make recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions of the Company and its subsidiaries and the desirability of performance-based remuneration. The Remuneration Committee shall also ensure that the levels of remuneration should be sufficient to attract and retain the directors needed to run the Company successfully but should avoid paying more than is necessary for this purpose;
 - (c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
 - (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 associates is involved in deciding his own remuneration; and
 - (g) to advise shareholders of the Company on how to vote in respect of any service contract of directors that requires shareholders' approval in accordance with the Listing Rules.