



HERALD HOLDINGS LIMITED

興利集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 114)

Terms of Reference of the Remuneration Committee

Please find the attached Terms of Reference of the Remuneration Committee

1 Constitution, Authority and Membership

- 1.1 The Remuneration Committee (the "Committee") is a committee of the Board of Herald Holdings Limited (the "Company") and as such is appointed by and reports to the Board of the Company.
- 1.2 Specific authority is delegated to the Committee to decide on all elements of remuneration of the directors and senior management of the Company.
- 1.3 The committee shall consist of a minimum of two independent non-executive directors. A majority of the members of the Committee shall be independent non-executive directors. Subject to the normal periodic re-election of directors, members of the Committee shall generally hold tenure for a period of at least 3 years.
- 1.4 The Chair of the Committee shall be an independent non-executive member, as the Board shall nominate.
- 1.5 The Company's Secretary (whom failing, a person nominated by the Chair of the Committee) shall be the secretary of the Committee and shall attend all of its meetings.
- 1.6 The Committee should consult the Chairman and/or Managing Director of the Company about their remuneration proposals for remuneration of the other executive directors.
- 1.7 The Committee shall have access to sufficient resources to discharge its duties. The Committee is authorised to obtain outside legal or other independent professional advice, subject to notifying the Chairman of the Company.

2 Attendance

- 2.1 A quorum shall be two members of the Committee; meetings may be held in person or by other electronics means of communication.
- 2.2 The Chairman, the Managing Director and external advisers may be invited to attend meetings of the Committee as and when appropriate.

3 Frequency of Meetings

- 3.1 The Committee shall meet as its business requires and as determined by its members. The Committee will meet at least once a year.

4 Duties

The Committee shall:

- 4.1 Make recommendations to the Board on the Company's policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 4.2 Review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 4.3 Determine with delegated responsibility, remuneration packages of individual executive directors 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;
- 4.4 Make recommendations to the Board on the remuneration of non-executive directors;
- 4.5 Consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- 4.6 Review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment and ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- 4.7 Review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with relevant contractual terms and are otherwise reasonable and appropriate;
- 4.8 Ensure that no director or any of his associates is involved in deciding his own remuneration; and
- 4.9 Advise shareholders of the Company on how to vote with respect to any service contracts of directors that require shareholders' approval under the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

5 Reporting Procedures

- 5.1 The Chairman of the Committee shall report to the Board on the general conclusions reached at all of its meetings.
- 5.2 Minutes and action points arising from each meeting will be provided and circulated to all members.

Adopted on 16 March 2005 and revised on 26 March 2012

**For identification only*