



Dragon Crown Group Holdings Limited
龍翔集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 935)

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

(Adopted by the Company pursuant to the Board resolution passed on 6 March 2012)

1. MEMBERSHIP

- 1.1 Members of the Remuneration Committee shall be appointed by the board of directors (the “Board”) of the Company.
- 1.2 The majority of the members of the Remuneration Committee must be independent non-executive directors (“INEDs”).

2 CHAIRMAN

- 2.1 The chairman of the Remuneration Committee shall be appointed by the Board and must be an INED.
- 2.2 The term of each appointment to the Remuneration Committee shall be determined by the Board upon appointment.

3 SECRETARY

- 3.1 The company secretary shall be the secretary of the Remuneration Committee. In the absence of the company secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Remuneration Committee, shall attend the meeting of the Remuneration Committee and take minutes.
- 3.2 The Remuneration Committee may from time to time appoint another secretary with appropriate qualification and experience.

4 PROCEEDINGS OF THE REMUNERATION COMMITTEE

Unless otherwise specified hereunder, the provisions contained in the Company’s Articles of Association (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Remuneration Committee.

4.1 Quorum

4.1.1 The quorum for meetings of the Remuneration Committee shall be any two members, one of them should be an independent non-executive director.

4.2 Frequency of meetings

4.2.1 The Remuneration Committee shall hold at least one regular meeting in a year. Additional meetings of the Remuneration Committee may be held as and when required.

4.3 Attendance at meetings

4.3.1 Members of the Remuneration Committee may attend meetings of the Remuneration Committee either in person, by telephone or through other electronic means of communication or in such other manner as the members may agree.

4.3.2 Upon invitation by the Remuneration Committee, the chairman of the Board and/or the general manager or the chief executive officer, external consultant and other Board members may attend all or any of the meetings.

4.3.3 Only the Remuneration Committee members shall have the voting powers.

4.4 Notice of meetings

4.4.1 A meeting of the Remuneration Committee may be convened by any of its members or by the company secretary.

4.4.2 Unless otherwise agreed by all the members of the Remuneration Committee, notice confirming the venue, time and date of at least 14 days shall be given for a regular meeting of the Remuneration Committee. For all other meetings of the Remuneration Committee, reasonable notice shall be given. In relation to continued meetings held within 14 days, no prior notice is required.

4.4.3 Agenda and accompanying supporting papers shall be sent to all members of the Remuneration Committee and to other attendees as appropriate at least 3 days before the date of the meeting (or such other period as the members may agree).

4.5 Minutes of meetings

4.5.1 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. Once they are agreed, the secretary of the Remuneration Committee shall circulate the minutes and reports of the Remuneration Committee to all members of the Board.

4.5.2 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.

4.6 Written resolutions

4.6.1 Resolutions of the Remuneration Committee shall be passed with a majority of votes.

4.6.2 Without prejudice to any requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), written resolution may be passed and adopted by all members of the Remuneration Committee.

5 RESPONSIBILITIES AND AUTHORITIES OF THE REMUNERATION COMMITTEE

5.1 The responsibilities and authorities of the Remuneration Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Listing Rules (as amended from time to time).

5.2 The Remuneration Committee should consult the chairman of the Board and/or the general manager or the Chief Executive Officer about their remuneration proposals for other executive directors.

5.3 Without prejudice to any requirement under the CG Code, the duties of the Remuneration Committee include the following:

- (a) 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.
- (b) To review and approve the management’s performance-based remuneration proposals with reference to the Board’s corporate goals and objectives.
- (c) Either:
 - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or
 - (ii) to make recommendations to the Board on the 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.

- (d) To make recommendations to the Board on the remuneration of non-executive directors.
- (e) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group and desirability of performance-based remuneration.
- (f) 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.
- (g) 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 that are otherwise reasonable and appropriate.
- (h) To ensure that no director or any of his associates is involved in deciding his own remuneration.
- (i) To advise Shareholders on how to vote with respect to any service contracts of Directors that require Shareholders' approval under the Listing Rules 13.68.

6 REPORTING RESPONSIBILITIES

- 6.1 The Remuneration Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 6.2 After each meeting, the Remuneration Committee shall report formally to the Board on all matters within its duties and responsibilities.

7 ANNUAL GENERAL MEETING

- 7.1 The chairman of the Remuneration Committee or in his absence, another member (who must be an independent non-executive director) of the Remuneration Committee or failing this, his duly appointed delegate, shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the Annual General Meeting on the Remuneration Committee's work and responsibilities.

8 AUTHORITY

- 8.1 The Remuneration Committee shall consult the chairman and/or the general manager or the chief executive officer of the Company about their proposals relating to the remuneration of other executive directors.
- 8.2 The Remuneration Committee is authorized by the Board when necessary to seek any remuneration information it requires from senior management of the Company to order to discharge its duties.
- 8.3 The Remuneration Committee is authorized by the Board when necessary to obtain outside legal or other independent professional advice in connection with its duties at the Company's expense.

Note: All such arrangements of obtaining outside legal or other independent professional advice may be made by the company secretary

- 8.4 The Remuneration Committee shall have access to sufficient resources in order to discharge its duties.

“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.

Note: If there is any inconsistency between the English and Chinese versions of this Terms of Reference, the English version shall prevail.