

CHINA HUIZHAN DAIRY HOLDINGS COMPANY LIMITED

中國輝山乳業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(the “Company”)

AMENDED TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE ADOPTED BY THE BOARD ON 11 JUNE 2014

1. Membership

- (a) The Remuneration Committee (the “**Committee**”) shall be appointed by the board of directors of the Company (the “**Board**”) and shall consist of not less than three members, a majority of whom shall be independent non-executive directors of the Company (“**INEDs**”). The Committee shall be chaired by an INED. The constitution of the Committee shall comply with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as amended from time to time.
- (b) Each member of the Committee shall disclose to the Committee:
 - (i) any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee;
 - (ii) any potential conflict of interest arising from a cross-directorship; or
 - (iii) any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee.
- (c) Members of the Committee shall be appointed and removed by the Board. The term of the members of the Committee is the same as that of directors and the members may be re-elected upon the expiry of the current term. During the term, if any member of the Committee ceases to hold office as a director or an INED of the Company, he/she shall automatically lose the qualification as a member of the Committee. In this case, the Board shall appoint another member promptly to meet the quorum of the Committee according to the aforesaid provisions.
- (d) The secretary of the Committee shall be appointed by members of the Committee.

2. Attendance at Meetings

- (a) At all times the members of the Committee shall be notified of and be invited to attend all meetings of the Committee, provided that a member shall not be involved in deciding his/her own remuneration package or benefits.

- (b) The quorum of a meeting of the Committee shall be two thirds of the members of the Committee, of which at least half of them should be INEDs. The chairman (or in his/her absence, a member designated by the chairman) shall preside over all meetings of the Committee. The chairman shall lead the Committee, including scheduling meetings, preparing agendas and making regular reports to the Board. The chairman of the Committee shall not chair a Committee meeting which deals with the succession to the chairmanship. If for any reason a member of the Committee is unable to attend a meeting, he/she may entrust in writing another member of the Committee to exercise his/her power. Resolutions of the Committee shall be valid when adopted by more than two-thirds of the members, provided that a member shall not be involved in deciding his/her own remuneration package or benefits.
- (c) The Committee may, if necessary, invite other advisors, including but not limited to external professional advisors or consultants, to attend the meetings of the Committee to advise its members.
- (d) Members of the Committee may participate in a meeting of the Committee by means of a conference telephone or other communications equipment through which all persons participating in the meeting can hear each other. Participation of any person in a meeting pursuant to this provision shall constitute presence in person at such meeting.

3. Frequency of Meetings

- (a) Meetings shall be held not less than once a year. The Chairman of the Committee or any two members of the Committee may request a meeting if they consider it necessary. Meetings of the Committee shall be arranged by the secretary of the Committee upon instruction of the Chairman of the Committee.
- (b) Unless otherwise agreed by all the members of the Committee, a meeting shall only be called with at least 7 days' prior notice.

4. Committee's Resolutions

A resolution in writing signed by all the members of the Committee shall be as valid and effective as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the members of the Committee. Such resolution may be signed and circulated by facsimile or other forms of electronic communications. This provision is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

5. Authorities

- (a) The Committee is authorised by the Board to review, assess and make recommendations on any issue in these terms of reference of the Committee.

- (b) The Committee shall utilise information received internally and externally to satisfy itself that the basic salaries and total remuneration package and benefits offered by the Company are fair, reasonable and competitive in the current market conditions and compared with other companies of a similar size, business nature and scope as the Company.
- (c) The purpose of the establishment of the Committee is to enable the Company to be more transparent and objective in the setting of its remuneration in respect of the directors and senior management of the Company.
- (d) The Committee must ensure that the directors and senior management of the Company are fairly rewarded in light of their contribution to the Company and their performance and that they receive appropriate incentives to maintain high standards of performance and to improve their performance and the Company's performance.
- (e) The Committee shall consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive directors. The Committee is authorised by the Board, and at the reasonable expense of the Company, to obtain legal or other independent professional advice and to secure the attendance of other persons with relevant experience and expertise in the meetings of the Committee if it considers this necessary.
- (f) The Committee shall make available its terms of reference on the website of Hong Kong Stock Exchange (“**Stock Exchange**”) and the Company's website to explain its role and the authority delegated to it by the Board. The Company shall disclose in its annual reports details of remuneration payable to members of senior management by band on an individual and named basis.
- (g) A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance. Where the Board resolves to approve any remuneration or compensation arrangements with which the Committee disagrees, the Board should disclose the reasons for its resolution in its next Corporate Governance Report.
- (h) The Committee shall be provided with sufficient resources to discharge its duties.

6. Duties

The duties of the Committee shall be:

- (a) to assess, review and make recommendations once a year or as and when required, to the Board in respect of the remuneration packages and overall benefits for the directors of the Company;
- (b) to make recommendations to the Board in relation to all consultancy agreements and service contracts or any variations, renewals or modifications thereof, entered into between the Company and the directors of the Company or any associate company of any of them;

- (c) to consider what details of the remuneration/benefits of the directors of the Company should be reported in the Company's annual reports and accounts in addition to those required by law and how those details should be presented;
- (d) to make recommendations to the Board on the policy and structure for remuneration of all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (e) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (f) 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;
- (g) to make recommendations to the Board on the remuneration of non-executive directors;
- (h) to consider salaries paid by comparable companies, time commitment and responsibilities as well as employment conditions of other positions in the Group;
- (i) 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 reasonable and not excessive;
- (j) 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; and
- (k) to ensure that no director or any of his associates is involved in deciding his/her own remuneration.

7. Reporting Procedures

- (a) The Committee shall report to the Board and the Board shall conduct a regular evaluation of the performance of the Committee. At the next meeting of the Board following a meeting/written resolution of the Committee, the secretary of the Company shall submit to the Board copies of the minutes/written resolutions setting out the findings, recommendations and decisions of the Committee.
- (b) Full minutes of meetings of the Committee shall be kept by the secretary of the Committee. Draft and final versions of minutes of meetings of the Committee shall be sent to all members of the Committee for their comment and records respectively, in both cases as soon as practicable after the meeting.

- (c) Copies of the minutes of meetings of the Committee shall be provided to the directors at the Board meetings.
- (d) The Committee shall arrange at least one of its members to attend the annual general meeting to answer questions of the shareholders about the Committee's work.

8. Update of These Terms of Reference

These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and in regulatory requirements (e.g. the Listing Rules). Any amendment to these terms of reference shall be by way of resolution of the Board of the Company and shall be in full compliance with the Listing Rules and any other regulatory requirements.