

REAL NUTRICEUTICAL GROUP LIMITED
(“Company”)

Terms of reference of the Remuneration Committee (“Committee”)
of the Board of Directors (“Board”) of the Company

(Amended and adopted by the Board on 20 March 2012)

1. Constitution

- 1.1 The Committee is established pursuant to a resolution passed by the Board at its meeting held on 1 February 2010.

2. Membership

- 2.1 Members of the Committee shall be appointed by the Board from amongst the members of the Board and shall consist of not less than three members. Majority of members of the Committee shall be independent non-executive directors of the Company. The members of the Committee are Mr. FONG Chi Wah, Mr. WANG Fucui, Mr. WONG Lung Tak Patrick, J.P. and Mr. Bernard Ban-yew YAW.
- 2.2 The Chairman of the Committee shall be appointed by the Board and who shall be an independent non-executive director. Mr. FONG Chi Wah is the present Chairman. In the absence of the Chairman and/or an appointed deputy, the remaining Members present shall elect one of the Members who shall be an independent non-executive director to chair the meeting.
- 2.3 The company secretary of the Company shall be the secretary of the Committee.
- 2.4 The appointment of the members or secretary of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee.
- 2.5 Each Member shall disclose to the Committee:
- (a) any personal financial interest (other than as a Shareholder) in any matter to be decided by the Committee; or
 - (b) any actual or potential conflict of interest arising from a cross-directorship.

Any such Member shall abstain from voting on resolutions of the Committee in relation to which such actual or potential conflict of interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Committee.

3. **Proceedings of the Committee**

3.1 Notice:

- (a) Unless otherwise agreed by all the Committee members (either orally or in writing), a meeting shall be called by at least seven days' notice.

(Regular meetings should be called by, so far as practicable, at least 14 days' notice: cf: paragraphs A.1.3 and A.1.10 of Appendix 14 of the Listing Rules)

- (b) A Committee member may and, on the request of a Committee member, the secretary to the Committee shall, at any time summon a Committee meeting. Notice shall be given to each Committee member in person orally or in writing or by telephone or by email or by facsimile transmission at the telephone or facsimile or address or email address from time to time notified to the secretary by such Committee member or in such other manner as the Committee members may from time to time determine.
- (c) Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting.
- (d) Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the meeting. In respect of regular meetings of the Committee to be held as mentioned in clause 3.3 below, and so far as practicable for all other meetings of the Committee, the agenda and accompanying papers shall be sent in full to all the members of the Committee in a timely manner and at least 3 days before the intended date of the meeting of the Committee (or such other period as all the Committee members may agree).
- (e) Senior management is obliged to supply the Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable provided voluntarily by senior management. Where a Member requires more information than is volunteered by senior management, the relevant Member should make additional necessary enquiries. Each Member shall have separate and independent access to senior the senior management.

- 3.2 Quorum: The quorum of the Committee meeting shall be two members of the Committee and a majority of which shall be the independent non-executive directors.

- 3.3 Frequency: Meetings shall be held at least once every year to set policy on executive directors' remuneration and to fix the remuneration packages for all directors.

- 3.4 No Committee member may vote on any resolution of the Committee regarding his own remuneration.

- 3.5 Written resolutions may be passed by all Committee members in writing.

4. Overriding principles

- 4.1 Remuneration levels should be sufficient to attract and retain directors to run the company successfully without paying more than necessary.
- 4.2 No director should be involved in deciding his own remuneration.
- 4.3 The Committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors. The Committee should have access to independent professional advice if necessary.
- 4.4 The procedure for setting policy on executive directors' remuneration and all directors' remuneration packages should be formal and transparent.

5. Alternate Committee members

- 5.1 A Committee member may not appoint any alternate.

6. Authority of the Committee

- 6.1 The Committee may exercise the following powers:
 - (a) to review any proposed service contract with any director or senior management before such contract is entered into and to make recommendation to the Company's human resources department for any changes to the proposed terms of such contract ;
 - (b) to make recommendations regarding the remuneration, bonuses and welfare benefits of the executive directors and the senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - (c) to request the Board to convene a shareholders' meeting (if necessary) for purposes of removing any director and to dismiss any employees if there is evidence showing that the relevant director and/or employee has failed to discharge his duties properly;
 - (d) to obtain outside legal or other independent professional advice at the cost of the Company on any matters within these terms of reference as it considers necessary and to secure the attendance of outsiders with relevant experience and expertise at its meetings, if it considers this necessary;
 - (e) to have access to sufficient resources in order to perform its duties;
 - (f) to review annually these terms of reference and their effectiveness in the discharge of its duties and to make recommendation to the Board any changes it considers necessary; and

- (g) to exercise such powers as the Committee may consider necessary and expedient so that their duties under section 7 below can be properly discharged.

6.2 The Committee should be provided with sufficient resources to perform its duties.

7. **Duties**

7.1 The duties of the Committee shall be:

- (a) to make recommendations to the Board on the Company's policy and structure for the remuneration packages of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (b) to determine with delegated responsibility the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payment, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;
- (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives resolved by the Board from time to time;
- (d) 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;
- (e) 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
- (f) to ensure that no director or any of his associates is involved in deciding his own remuneration.

8. **Reporting procedures**

8.1 Full minutes of the meetings of the Committee and all written resolutions of the Committee should be kept by the secretary of the Committee.

8.2 The secretary of the Committee shall circulate the draft and final versions of minutes of the meeting of the Committee or, as the case may be, written resolutions of the Committee to all members of the Committee for their comment and records respectively within a reasonable time after the meeting or before the passing of the written resolutions.

8.3 The secretary of the Committee shall keep record of all meetings of the Committee held during each financial year of the Company and records of individual attendance of members of the Committee, on a named basis, at meetings held during that financial year.

8.4 All directors and Members shall be entitled to have access to these minutes and related materials. These minutes and related materials should be in a form and quality sufficient to enable the Committee to make informed decisions on matters placed before it. Queries raised by Members should receive a prompt and full response, if possible.

9. Continuing application of the articles of association of the Company

9.1 The articles of association of the Company regulating the meetings and proceedings of the directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

10. Powers of the Board

10.1 The Board may, subject to compliance with the articles of association of the Company and the Listing Rules (including the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules or if adopted by the Company, the Company's own code of corporate governance practices), amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

Should there be any discrepancy between English and Chinese versions, the English version shall prevail.