

**YANGZHOU GUANGLING DISTRICT TAIHE RURAL
MICRO-FINANCE COMPANY LIMITED**
揚州市廣陵區泰和農村小額貸款股份有限公司

**Terms of reference of
the Remuneration Committee of the Board of Directors
(Effective upon Transfer of Listing)**

**Yangzhou Guangling District Taihe
Rural Micro-finance Company Limited**
(the “Company”)

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

1. Constitution

The Committee is established pursuant to a resolution passed by the Board at its meeting held on 31 January 2015. The responsibilities of the Committee are as follows:

- (a) to consult the chairman and/or chief executive about their remuneration proposals for other executive directors; A14B1.1
- (b) 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; A14B1.2(a)
- (c) to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives; A14B1.2(b)
- (d) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. The remuneration packages should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; A14B1.2(c)
- (e) to make recommendations to the Board on the remuneration of non-executive directors; A14B1.2(d)
- (f) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Company; A14B1.2(e)
- (g) 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; A14B1.2(f)

- (h) 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; A14B1.2(g)
- (i) to ensure that no director or any of his associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) is involved in deciding his own remuneration; and A14B1.2(h)
- (j) in respect of any service agreement to be entered into between any members of the Company and its director or proposed director which requires the prior approval by the shareholders of the Company under the Listing Rules, to review and provide recommendation to the shareholders of the Company (other than shareholder(s) who is/are director(s) with a material interest in the relevant service agreements and their respective associates) as to whether the terms of the service agreements are fair and reasonable and whether such service agreements are in the interests of the Company and the shareholders as whole, and to advise shareholders on how to vote. MB13.68
A14E1.2

2. Membership

- 2.1. Members of the Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members, a majority of whom shall be independent non-executive directors. MB3.25
- 2.2. The chairman of the Committee shall be appointed by the Board and has to be an independent non-executive director of the Company. MB3.25
A14A5.1
- 2.3. The appointment of the members 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.
- 2.4. The secretary of the Company shall act as the secretary of the Committee.
- 2.5. The constitution of the Committee shall comply with the requirements of the Listing Rules as amended from time to time.

2.6. The term of office of the Committee shall be consistent with that of the Board. Each member of the Committee shall be eligible for re-election upon completion of his term of office. During his term of office, if any committee member ceases to be a director, or any committee member as an independent non-executive director ceases to have the independence as required under the articles of association of the Company and the Listing Rules, his membership in the Committee shall lapse automatically. A member of the Committee may submit his resignation report in writing to the Board prior to the expiry of his term of office to resign from his existing position. The resignation report shall contain such reasons for resignation and matters which require attention of the Board as necessary. Upon the loss of qualification or permission to resign, the position(s) vacated by such member(s) shall be filled by the Board according to the relevant laws, regulations, normative documents and provisions of Articles 2.1 to 2.5 in the above. A member of the Committee shall not, before the expiry of his term of office, be relieved of his duties without cause except for the situations specified in the Company Law, the articles of association of the Company or Listing Rules.

3. Frequency and proceedings of meetings

3.1. The Committee should meet at least once per year. The Chairman may convene additional meetings at his discretion.

3.2. Notice of Meeting

- (a) Unless otherwise agreed by all the Committee members, a meeting shall be convened by at least fourteen (14) days' notice.
- (b) A Committee member may at any time summon a Committee meeting.
- (c) Notice shall be given to each Committee member in person orally or in writing or by telephone or by facsimile transmission or email at numbers or addresses from time to time notified to the secretary of the Company by such Committee member or in such other manner as the Committee members may from time to time determine, provided that a Committee member shall not be in attendance when his/her own remuneration package or benefits are being discussed.
- (d) Any notice given orally shall be followed by confirmation in writing as soon as practicable before the meeting.
- (e) 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.

- 3.3. The quorum of the Committee meeting shall be two members of the Committee.
- 3.4. Other Board members shall also have the right of attendance.
- 3.5. No Committee member may vote on any resolution of the Committee regarding his own remuneration.

4. Alternate Committee members

A Committee member may not appoint any alternate.

5. Authorities of the Committee

- 5.1. The Committee has the authority delegated to it from the Board to deal with the matters set out in clause 1 above.
- 5.2. The Committee should be provided with sufficient resources to perform its duties. The Committee should have access to independent professional advice if necessary.

A14B1.4
A14B1.1

6. Minutes of meetings

Full minutes of Committee meeting shall be kept by the secretary of the Company and should be open for inspection at any reasonable time on reasonable notice by any director of the Company. The secretary of the Company shall circulate the draft and final version of minutes of Committee meetings to all the Committee members for their comments and records within a reasonable time after the meeting.

A14A1.4
A14A1.5

7. Written resolutions

Written resolutions may be passed by all Committee members in writing. This provision is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

8. Reporting procedures

The Committee should report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).

A14D2.2

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

The articles of association of the Company regulating the meetings and proceedings of the directors of the Company 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

The Board may, subject to compliance with the articles of association of the Company and the Listing Rules (including Appendix 14 (Corporate Governance Code and Corporate Governance Report) to the Listing Rules), 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.

11. Language

If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.