



CHAODA MODERN AGRICULTURE (HOLDINGS) LIMITED 超大現代農業（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 682)

REMUNERATION COMMITTEE TERMS OF REFERENCE

CHAPTER 1 - COMPOSITION AND STRUCTURE

1 Constitution

The board (the “**Board**”) of directors of Chaoda Modern Agriculture (Holdings) Limited (the “**Company**”) hereby constitutes and establishes a remuneration committee (the “**Remuneration Committee**”) with authority, responsibility, and specific duties as described below.

2 Membership

- 2.1 Members of the Remuneration Committee shall be appointed by the Board in consultation with the Chairman of the Remuneration Committee. The Remuneration Committee shall be made up of at least three members, a majority of whom shall be independent non-executive Directors.
- 2.2 The members of the Remuneration Committee shall be identified in the Board’s remuneration report to the Shareholders.
- 2.3 The Board shall appoint the Remuneration Committee Chairman who must be an independent non-executive Director and who shall chair meetings of the Remuneration Committee. In the absence of the Remuneration Committee Chairman and/or an appointed deputy at a meeting, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Remuneration Committee.
- 2.4 Each member of the Remuneration Committee shall disclose to the Remuneration Committee:
- 2.4.1 any personal financial interest (other than as a Shareholder) in any matter to be decided by the Remuneration Committee;
 - 2.4.2 any potential conflict of interest arising from a cross-directorship; or
 - 2.4.3 any such member shall abstain from voting on resolutions of the Remuneration 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 Remuneration Committee.

- 2.5 All members, including the Chairman of the Remuneration Committee, will hold office only so long as they serve as the Directors. The Board shall review their terms of office and the performance of the Remuneration Committee from time to time.
- 2.6 The Board and any member of the Remuneration Committee may at any time by giving at least three months' notice in writing to the other party to terminate the appointment to the Remuneration Committee.

3 Secretary

The Company Secretary of the Company or his/her nominee shall act as the Secretary of the Remuneration Committee.

CHAPTER 2 - RULES AND REGULATIONS

4 Quorum and voting

- 4.1 The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Remuneration Committee.
- 4.2 Subject to paragraph 2.4.3 and paragraph 10.1, questions arising at any meeting of the Remuneration Committee shall be decided by a majority of votes, and in case of equality of votes the Remuneration Committee Chairman shall have a second or casting vote.

5 Notice of Meetings

- 5.1 Meetings of the Remuneration Committee shall be summoned by the Secretary of the Remuneration Committee at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Remuneration Committee, any other person required to attend and all other non-executive Directors, no later than three days before the date of the meeting ("**Notice Period**"). Supporting papers shall be sent to Remuneration Committee members and to other attendees at the same time.
- 5.3 For the purpose of paragraph 5.2, members of the Remuneration Committee who are present in the meeting of the Remuneration Committee may accept and approve a shorter Notice Period in respect of such particular meeting.

6 Frequency of meetings

The Remuneration Committee shall meet at least once a year and at such other times as the Chairman of the Remuneration Committee shall require.

7 Attendance

- 7.1 Only members of the Remuneration Committee have the right to attend Remuneration Committee meetings. However, other individuals such as the Chief Executive Officer, the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.

7.2 As necessary or desirable, the Chairman may request that members of management be present at the meeting of the Remuneration Committee.

7.3 Meetings may be held by way of telephone conference.

8 Minutes

8.1 The Secretary of the Remuneration Committee shall minute the proceedings and resolutions of all Remuneration Committee meetings, including the names of those present and in attendance.

8.2 Draft and final versions of minutes of the Remuneration Committee meetings shall be sent to all members of the Remuneration Committee for their comment and records respectively in both cases within a reasonable time after the meeting.

8.3 Full minutes of the Remuneration Committee shall be kept by the Secretary of the Remuneration Committee and such minutes shall be open for inspection at any reasonable time on reasonable notice by any Director.

CHAPTER 3 - AUTHORITY, DUTIES AND RESPONSIBILITIES

9 Authority

9.1 The Remuneration Committee is authorised by the Board to investigate any activity within this terms of reference. It is authorised to seek any information it requires from the Company's Chairman's Office or any Senior Management in charge of the remuneration-related matters of the Group, and all relevant employees of the Group are directed to co-operate with any request made by the Remuneration Committee.

9.2 The Remuneration Committee is authorised by the Board to consult the Chairman or the Chief Executive Officer of the Company about their proposals relating to the remuneration of other executive Directors.

9.3 The Remuneration Committee shall be provided with sufficient resources to discharge its duties. In particular, the Remuneration Committee shall be authorised to obtain any outside legal or other professional advice at the Company's expense if considered necessary.

10 Duties

The Remuneration Committee shall:

10.1 make recommendations to the Board the framework or broad policy and structure for the remuneration of the Company's Chief Executive Officer, Chairman, the executive Directors, the Company Secretary and such other members of Senior Management as it is designated to consider. No Director or manager or any of their respective associates (as defined under the Listing Rules) shall be involved in any decisions as to their own remuneration. The remuneration of a non-executive Director who is a member of the Remuneration Committee shall be a matter for the other members of the Remuneration Committee;

10.2 make recommendations to the Board on the establishment of a formal and transparent procedure for developing such policy;

10.3 in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of Senior Management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the Company;

- 10.4 within the terms of the policy adopted by the Board and in consultation with the Chairman and/or Chief Executive Officer as appropriate, determine the individual specific remuneration package of each executive Director and member of Senior Management including benefits in kind, pension rights, bonuses, incentive payments, share options or other share awards and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 10.5 in determining such packages and arrangements, give due regard to factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group, desirability of performance-based remuneration, any relevant legal requirements, the provisions and recommendations in the Corporate Governance Code, the Listing Rules and associated guidance;
- 10.6 make recommendations to the Board of the remuneration of non-executive Directors;
- 10.7 review the ongoing appropriateness and relevance of the remuneration policy;
- 10.8 review and approve the design of, and determine targets for, any performance related pay schemes operated by the Company by reference to corporate goals and objectives resolved by the Board from time to time and approve the total annual payments made under such schemes;
- 10.9 review the design of all share incentive plans for approval by the Board and Shareholders. For any such plans, determine each year whether awards will be made, and if so, the amount of such awards, the individual awards to executive Directors and other members of Senior Management and the performance targets to be used;
- 10.10 determine the policy for, and scope of, pension arrangements for each executive Director and members of Senior Management;
- 10.11 ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 10.12 review and approve the compensation payable to executive Directors and Senior Management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- 10.13 review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and any compensation payment is otherwise reasonable and appropriate;
- 10.14 review and note annually the remuneration trends across the Company or the Group;
- 10.15 oversee any major changes in employee benefits structures throughout the Company or the Group;
- 10.16 Consider and make recommendations to the Board on the establishment of a formal policy for authorising claims for expenses from the Chief Executive Officer and Chairman, and review the ongoing appropriateness of such policy;
- 10.17 ensure that all provisions regarding disclosure of remuneration including pensions, as set out in the Corporate Governance Code and other applicable law and regulations are fulfilled;

- 10.18 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee and to obtain reliable, up-to-date information about remuneration in other companies. The Remuneration Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations; and
- 10.19 advise Shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under the Listing Rules.

11 Reporting Responsibilities

- 11.1 The Remuneration Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Remuneration Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Remuneration Committee shall produce an annual report of its work, the Company's remuneration policy and practices which will form part of the Company's Annual Report.

12 Annual General Meeting

- 12.1 The Chairman of the Remuneration Committee shall attend the Annual General Meeting of the Company prepared to respond to any Shareholder questions on the Remuneration Committee's activities.
- 12.2 If the Chairman of Remuneration Committee is not able to attend the Annual General Meeting of the Company, he may appoint any one member of the Remuneration Committee to attend the Annual General Meeting of the Company on his behalf and to respond to the Shareholders' question(s) on the Remuneration Committee's activities.

CHAPTER 4 - OTHER MATTERS

13 General

- 13.1 The Remuneration Committee should make available these terms of reference, explaining its role and the authority delegated to it by the Board.
- 13.2 The Remuneration Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

14 Definitions

- 14.1 For the purposes of this document:
- 14.1.1 "Director(s)" shall mean director(s) of the Company;
- 14.1.2 "Group" shall mean the Company and its subsidiaries;
- 14.1.3 "Shareholder(s)" shall mean shareholder(s) of the Company;
- 14.1.4 "Senior Management" shall refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 of the Listing Rules; and

14.1.5 “Listing Rules” shall mean The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

15 Language

This document is drawn up in both English language and Chinese language. If there is any inconsistency between the English version and the Chinese version of this document, the Chinese language text shall prevail.

Revised on 7 March 2014