

Far East Horizon Limited

Terms of Reference of the Remuneration and Nomination Committee

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to comply with the codes and practices of corporate governance stipulated in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Stock Exchange”) (hereinafter referred to as the “Listing Rules”), further optimize the corporate governance structure of Far East Horizon Limited (hereinafter referred to as the “Company”), and enhance the decision-making function of the board of directors (hereinafter referred to as the “Board”), the Board of the Company has established the Remuneration and Nomination Committee under the Board (hereinafter referred to as the “Committee”) pursuant to the articles of association of the Company by board resolution and formulated the Rules.

Article 2 The Committee shall report to the Board and be accountable to the Board. The Committee is granted the authority by the Board and is mainly responsible for investigating and making recommendations on the remuneration system and remuneration proposals of the Company, ensuring the transparency regarding the appointment and reappointment of members of the Board, and assessing the overall efficiency of the Board and contribution of individual directors to the Board.

CHAPTER 2 COMPOSITION, APPOINTMENT AND REMOVAL OF THE COMMITTEE

Article 3 The majority members of the Committee shall be appointed by the Board amongst the independent non-executive directors of the Company, and the Committee shall comprise no less than three members.

Article 4 The Committee shall have one chairman to be acted by an independent non-executive director upon election by the Board of the Company, responsible for presiding over the work of the Committee.

Article 5 The members of the Committee shall have the same term of office as the directors. Upon expiry of their term, members may be re-elected. During which if members of the Committee no longer act as directors of the Company, they shall automatically lose their office as members of the Committee and the Board shall fill the vacancy in the Committee in accordance with the provisions under Article 3 to Article 4 above.

Any member of the Committee who fails to attend two consecutive committee meeting in person without appointing other members of the Committee to act on his behalf or notifying his absence in writing prior to the meeting, shall be deemed failure to perform duties of the member of the Committee. The Board may change the composition of the Committee in accordance with the Rules.

The Committee may make changes to the members of the Committee in office upon the passing of resolution by the Board.

Article 6 In the event the Board proposes a resolution at the general meeting to elect a person as independent non-executive director, the circular to shareholders and/or explanatory statement attached to the notice convening the general meeting shall state the reasons of the Board for election of such candidate and the reasons why they consider such person as independent.

Article 7 The Committee may establish a work group thereunder to take charge of the daily business of the Committee such as drafting and making recommendations on the remuneration system, remuneration proposals of the Company and composition of the Board of the Company, providing the relevant information of the Company and arranging expert consultation or attestation.

CHAPTER 3 TERMS OF REFERENCE

Article 8 The Committee shall:

- (i) 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. These remuneration policies shall:
 - a. formulate remuneration incentive plans for directors and senior management based upon the main scope, duties and importance of the management positions of directors and senior management and the remuneration levels of relevant positions in other related enterprises; and
 - b. remuneration incentive plans, mainly including but not limited to remuneration levels and packages, performance evaluation standards (including indicators and target values) and procedures, as well as key proposals and systems on other rewards and punishments;
- (ii) review and approve the management's remuneration proposals with reference to the corporate goals and objectives stated by the Board;
- (iii) make recommendations on the remuneration packages of individual executive directors and senior management to the Board. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- (iv) make recommendations to the Board on the remuneration of non-executive directors;
- (v) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (vi) review and approve compensation payable to the 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;
- (vii) 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;
- (viii) ensure that no director or any of his associates is involved in deciding his own remuneration, and ensure that the remuneration of members of the Committee who are non-executive directors is determined by other members of the Committee;
- (ix) make recommendations to shareholders of the Company as to how to vote regarding the directors' service contract subject to shareholders' approval under the Listing Rules of the Stock Exchange;
- (x) consult the chairman and/or chief executive officer for the remuneration proposals of executive directors, and also seek independent professional advice if considered necessary;
- (xi) review the structure, size and composition of the Board (including skills, knowledge and experience) at least annually; and make recommendations on any proposed changes to the Board to implement the Company's strategy. Make full consideration about the followings before making proposal, to ensure the varieties of the Board:

The Board shall be composed of members having accounting or financial expertise, legal professional qualification, financial investment experience or industry experiences related to the Company;

- (xii) identify individuals suitably qualified for election as directors, select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (xiii) assess the independence of independent non-executive directors;
- (xiv) assess the performance of directors, and make recommendations to the Board on the appointment or reappointment of directors and succession planning of directors, in particular the chairman and chief executive officer;
- (xv) other matters required by laws, administrative regulations, statues, relevant provisions of the securities regulatory authority of the locality where the shares of the Company are listed, and as may be authorized by the Board.

Article 9 The Committee shall disclose its terms of reference on the website of the Stock Exchange and its website, explaining its role and the power delegated by the Board.

CHAPTER 4 WORK PROCEDURES

Article 10 Minutes of the committee meeting summarized by the secretary of the Committee shall be sent to all members of the Board after seeking comments from members of the Committee in respect of the contents of the report, and shall be reported and approved at the forthcoming board meeting.

Article 11 The board office of the Company should be responsible for the preparing and providing the relevant information required for the committee meeting and organizing the relevant matters of the meeting.

CHAPTER 5 RULES OF PROCEDURE

Article 12 The Committee shall convene no less than two meetings each year. Interim meetings may be called if members of the Committee consider necessary. The meeting shall be convened and chaired by the chairman. The chairman of the Committee failing to convene or preside over the meeting may appoint another member to convene or preside over the meeting on his behalf.

Article 13 The board office of the Company shall give at least 7 working days' notice to all members prior to the meeting of the Committee. Meetings of the Committee shall be held by more than one-half of the members attending the meeting. Each member shall have one voting right. Resolutions proposed at the meeting must be passed by more than one-half of all members of the Committee.

Article 14 The Committee may invite directors, chief financial officer, chief credit officer and other senior management of the Company and staff of the relevant departments of the Company to sit in on the meetings depending on the agenda of the meeting. Senior management shall refer to the same category of person mentioned in the annual report of the Company.

Article 15 The Committee may appoint the company secretary or other person to act as secretary to the Committee to coordinate the specific affairs of the Committee.

Article 16 The Company shall provide the Committee with sufficient resources to enable it to perform its functions. The Committee, if necessary, may seek independent professional advice in performing its duties and the expenses arising therefrom shall be borne by the Company upon approval from the Board.

Article 17 In general, the committee meeting shall be convened in the form of physical meeting. In the event of contingencies, it may be convened in the form of written communication with the consent of the chairman of the Committee where members of the Committee are able to fully express their opinions. For meetings held in the form of written communication, members of the Committee should submit their written opinions regarding the matters discussed to the Board within the period required by the notice of meeting.

Article 18 Expenses of the Committee refer to the expenses incurred in the course of duty of the Committee, which are mainly used for research, printing, meeting, training, invitation or engagement of intermediaries for their professional advice. Such expenses shall be borne by the Company and included in the budget of the Board.

Article 19 Members attending and persons who sit in on the meeting shall keep confidential of all matters discussed at the meeting. Unauthorized disclosure of the relevant information shall be prohibited. The above persons should strictly comply with the relevant requirements of the Company.

Article 20 The Company should disclose the details of remuneration of senior managements by remuneration band in its annual report.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 21 The Rules shall take effect and be valid from the date of passing of the resolution by the Board.

Article 22 Any matters not mentioned herein or any conflicts with the new or amended laws, regulations or provisions of the articles of association arising upon the Rules take effect, shall be executed in accordance with the laws, regulations and provisions of the articles of association. The Rules shall be amended forthwith and proposed to the Board for consideration and approval.

Article 23 The interpretation of the rules of procedure shall be vested in the Board.

Board of Directors
Far East Horizon Limited
March 2013