

RM GROUP HOLDINGS LIMITED

御藥堂集團控股有限公司

(the “Company”)

REMUNERATION COMMITTEE - TERMS OF REFERENCE

Approved by the board of directors of the Company (the “Board”) on 24 September 2013

1. Membership

- 1.1. The Committee shall consist of three independent non-Executive Directors appointed by the Board from time to time.
- 1.2. The Board shall nominate one of the members as the chairman of the Committee.
- 1.3. The company secretary or a nominee shall act as the Secretary of the Committee.

2. Frequency and proceedings of meetings

- 2.1 The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands.
- 2.2 The Chairman of the Committee may convene additional meetings at his discretion.
- 2.3 The quorum of a meeting shall be two members of the Committee and one of them must be an independent non-executive director. A duly convened meeting of the 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 Committee.
- 2.4 The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants, to advise its members.
- 2.5 Meetings of the Committee shall be summoned by the Secretary at the request of any member thereof.
- 2.6 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 Committee, any other person required to attend and all other

nonexecutive directors, at least three working days prior to the date of the meeting.

2.7 The chairman of the Board shall have the right to attend and speak at meeting of the Committee; others may be called upon or shall able to speak by prior arrangement with the Chairman of the Committee.

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

2.9 Minutes of Committee meetings shall be circulated to all members of the Committee and to all members of the Board.

3. Duties, powers and functions

The Committee shall –

- (a) 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;
- (b) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) 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;
- (d) to make recommendations to the Board on the remuneration of non-executive directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (f) to 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;

- (g) 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
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration.

4. Reporting Procedures

- 4.1 Full minutes of the meetings of the Committee should be kept by the secretary. Draft and final versions of minutes of the Committee meetings should be sent to all members of the Committee for their comment and records respectively within a reasonable time after the meeting.
- 4.2 The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

Note: Senior management shall include the chief production officer, the sales controller, the marketing controller, the chief financial officer and the administrative controller.

As at 11 October 2013, the Committee comprises members, namely Mr. WEI Jianan (Chairman), Mr. CHENG Kwok Kin, Paul and Professor NG Ka Ming, all of whom are independent non-executive directors of the Company.