

These terms of reference are prepared in Chinese. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

FAVA INTERNATIONAL HOLDINGS LIMITED

名家國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 08108)

(the “Company”)

Remuneration Committee

Terms of Reference

Revised and approved by the Board of Directors of the Company on 1 March 2012

Constitution

1. The board (the “Board”) of the directors of the Company (the “Directors”) resolved on 5 December 2005 to establish a Committee of the Board to be known as the Remuneration Committee (“Committee”).

Membership

1. The Committee members shall be appointed by the Board from amongst the Non-Executive Directors of the Company. In case of a Committee member would no longer hold a directorship, he will lose his qualification automatically and the Board shall appoint a new member to fill in the vacancy.
2. The Committee shall consist of not less than three members, 2/3 of whom should be Independent Non-Executive Directors.
3. The Chairman of the Committee shall be appointed by the Board, and shall be an Independent Non-Executive Director.

Secretary

1. The company secretary of the Company shall be the secretary of the Committee. In the absence of the secretary of the Committee, the Committee members present at the meeting of the Committee shall select another person as the secretary.

Notice of meetings and quorum

1. Unless otherwise agreed by all the members of the Committee, notice in writing shall be given by the Committee secretary to the Committee members at least 3 days before the convention of the meeting.
2. A quorum of the Committee meeting shall be two members.

Attendance at meetings and minutes of meetings

1. The Committee may invite the Chairman, any other Directors of the Company, senior management, external advisors or other persons to attend the meetings as it consider this appropriate, provided that such persons have no right to vote in the Committee meeting.
2. The meeting can be convened by way of physical presence, tele-conferencing or video-conferencing. Committee members present by any above-mentioned manners shall be regarded as having attended the meeting. Resolutions can be passed by way of written resolutions if all the members of the Committee so agreed.

3. The resolutions of the Committee shall be taken effect until the approval by the majority of the members who attended the meeting.
4. The full-set minutes of the Committee meetings should be kept by the Committee secretary, the minutes shall contain detailed records of the matters discussed and the decisions made by the members, including any doubts or counterviews of the members. The draft versions and the final version of the minutes of the Committee meeting shall be sent to all the Committee members within a reasonable time after the meeting, the draft versions for the members' comment, and the final version for their record.

Frequency of meetings

1. Meetings shall be held at such times as the Committee determines as appropriate to carry out its responsibilities.

Authority

1. The Committee is authorised to investigate any activity within its terms of reference.
2. It is authorised to seek any information it requires from any employee in order to perform its duties.
3. In connection with its duties, the Committee is authorised to select, appoint and approve fees for remuneration consultants or other independent professional advisors to assist the Committee in the fulfillment of its duties if it considers this necessary.

Duties

1. In addition to any other responsibilities that may be assigned from time to time by the Board, the duties of the Committee shall be:
 - (a) 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;
 - (b) to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
 - (c) to determine, with delegated responsibility, 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 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.

Reporting procedures

1. The secretary shall circulate the minutes of meetings and reports (if any) of the Committee to all members of the Board.
2. Unless otherwise authorised by the Board, all the members attending the Committee meetings shall keep confidence on the matters discussed in the meetings, shall not disclose the relevant information to the Public.

Power of interpretation

1. The Board has the full power of interpretation on these terms of reference.

** For identification purpose only*