

MEGALOGIC TECHNOLOGY HOLDINGS LIMITED

宏創高科集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8242)

(the “Company”)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

(The Company established the Remuneration Committee on 23 December 2011)

AUTHORITY

1. The Remuneration Committee shall have unrestricted access to the senior management to obtain any remuneration related information it requires in order to perform its duties and responsibilities. All relevant employees will be directed to co-operate with any request made by the Remuneration Committee.
2. The Remuneration Committee is authorised to obtain independent professional advice in accordance with the procedures adopted by the Company from time to time and to secure the attendance of any external professional with relevant experience and expertise if necessary. The Remuneration Committee should be provided with sufficient resources to perform its duties.

RESPONSIBILITIES

3. For the period commencing from the date of adoption of this terms of reference and ending on 31 March 2012, the Remuneration Committee shall have the following responsibilities :-
 - (a) to make recommendations to the board of directors (“Board”) on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
 - (b) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of

non-executive directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Company and its subsidiaries (the “Group”) and desirability of performance-based remuneration;

“Senior management” includes directors of the subsidiaries of the Company; heads of divisions, departments or other operating units within the Group as, in the opinion of the Company’s directors, is appropriate.

- (c) to review and approve performance-based remuneration by reference to the corporate goals and objectives of the Company resolved by the board from time to time;
- (d) to 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;
- (e) to 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 that any compensation payment is otherwise reasonable and appropriate;
- (f) to ensure that no director or any of his associates is involved in deciding his own remuneration; and
- (g) to advise shareholders on how to vote with respect to any service contracts of directors that require shareholders’ approval under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

4. From 1 April 2012, the Remuneration Committee shall have the following responsibilities:-

- (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) either:

(i) to determine with delegated responsibility the remuneration packages of individual executive directors and senior management; or

(ii) 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 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.

MEETINGS

5. The Remuneration Committee shall meet at least once a year.
6. A quorum of the meeting shall be two members.
7. Resolutions of the Remuneration Committee at any meeting shall be passed by a majority of votes of members if more than two members are present and by a unanimous vote if only two members are present.

REMUNERATION COMMITTEE'S RESOLUTIONS

8. A resolution in writing signed by all the members of the Remuneration Committee shall be as valid and effective as if it had been passed at a meeting of the Remuneration Committee and may consist of several documents in like form each signed by one or more of the members of Remuneration Committee. Such resolution may be signed and circulated by facsimile or other forms of electronic communications. This provision is without prejudice to any requirement under the GEM Listing Rules for a meeting of the Board or Remuneration Committee to be held.

REPORTING PROCEDURES

9. (a) The Remuneration Committee shall report to the Board. At the next meeting of the Board following a meeting of the Remuneration Committee, the Chairman of the Remuneration Committee shall report their decisions and recommendations of the Remuneration Committee to the Board.

(b) Full minutes of meetings of the Remuneration Committee shall be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes of meetings of the Remuneration Committee shall be sent to all members of the Remuneration Committee for their comment and records respectively, in both cases within 7 days after the meeting.

(c) Copies of the minutes of meetings of the Remuneration Committee shall be provided to the Board at its meetings.

(d) The Remuneration Committee shall make available at least one of its members to attend the Company's annual general meeting to answer shareholders' questions about remuneration related issues.

REVISION OF THE TERMS OF REFERENCE

10. These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the GEM Listing Rules).

Hong Kong, 26 March 2012