

CHINA ASSETS (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 170)

REMUNERATION COMMITTEE

TERMS OF REFERENCE

Constitution

The Remuneration Committee is a committee of the Board of directors. Its primary function is to assist the Board in establishing coherent remuneration policy which

- (i) enable the Company to attract, retain and motivate directors and senior management who create value for shareholders;
- (ii) fairly and responsibly reward directors and senior management having regard to the performance of the Company, the performance of the directors and senior management and the general remuneration environment;
- (iii) comply with the provisions of the Listing Rules of Hong Kong and other relevant legal requirements.

Membership

The Remuneration Committee shall be appointed by the Board and shall consist of not less than three members. The majority shall be independent non-executive directors.

The members of the Remuneration Committee shall elect one of the independent non-executive directors to be the Chairman of the Remuneration Committee.

Authority

The Remuneration Committee is granted the authority to review the overall remuneration policy and other remuneration related matters of the Company within its terms of reference and all employees are directed to cooperate as requested by members of the Remuneration Committee. The Remuneration Committee is authorized by the Board to obtain outside legal or other independent professional advice if considered necessary.

Meetings

The Remuneration Committee shall meet as frequently as required. A quorum shall be two members. The Company Secretary shall be the secretary of the Remuneration Committee.

Duties

The duties of the Remuneration Committee include:

1. 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;
2. Review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
3. Determine with delegated responsibility, the remuneration packages of individual executive directors and senior management or to make recommendation 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;
4. Make recommendations to the Board on the remuneration of non-executive directors and to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group;
5. 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 are otherwise fair and not excessive;
6. Review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that consistent with contractual terms and are otherwise reasonable and appropriate;
7. Ensure no director or any of his associates is involved in deciding his own remuneration; and
8. Report to the Board following each meeting on all matters relevant to the Remuneration Committee.

(Adopted on 15 March 2012)

The Chinese version of this document is for reference only. In case of any discrepancies or inconsistency between the English version and Chinese version, the English version prevails.