



## China AU Group Holdings Limited

中國金豐集團控股有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8176)

### TERMS OF REFERENCE OF REMUNERATION COMMITTEE

(Adopted by the Company pursuant to the Board resolution passed on 27 March 2012)

#### CONSTITUTION

1. The board (“**Board**”) of directors (the “**Directors**”) of China AU Group Holdings Limited (the “**Company**”) has resolved to establish a committee of the Board to be known as the remuneration committee (the “**Remuneration Committee**”).

#### MEMBERSHIP

2. The Remuneration Committee shall be appointed by the Board from amongst the Directors, and shall consist of not less than three members, a majority of whom should be independent non-executive Directors. A quorum shall be 2 members.
3. The chairman of the Remuneration Committee (the “**Chairman**”) shall be appointed by the Board and should be an independent non-executive Director.

#### ATTENDANCE AT MEETINGS

4. The chief financial officer of the Company shall normally attend meetings.
5. The company secretary shall be the secretary of the Remuneration Committee (the “**Secretary**”).

#### FREQUENCY OF MEETING

6. Meetings shall be held at least once a year to consider and review the remuneration policies of the Company and to make recommendations to the Board or as requested by the Director responsible for the human resources function (the “**Responsible Director**”).

\* *For identification purpose only*

## **AUTHORITY**

7. The Remuneration Committee shall consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive Directors. The Remuneration Committee shall have access to independent professional advice if necessary. (B.1.1).

## **DUTIES**

8. The duties of the Remuneration Committee shall include:
  - (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.1.2(a));
  - (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives (B.1.2(b));
  - (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 (B.1.2(c));

- (d) to make recommendations to the Board on the remuneration of non-executive Directors; (B.1.2(d));
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group; (B.1.2(e));
- (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; (B.1.2(f));
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they consistent with contractual terms and are otherwise reasonable and appropriate; (B.1.2(g));
- (h) to ensure that no Director or any of his associates is involved in deciding his own remuneration (B.1.2(h)); and

- (i) 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, to advise shareholders as to whether the terms are fair and reasonable, whether such contracts are in the interests of the Company and its shareholders as a whole, and as to how to vote.

## **PROCEDURES**

9. The Chairman, in consultation with the Responsible Director and the Secretary, should be primarily responsible for drawing up and approving the agenda for each meeting of the Remuneration Committee. The Chairman, with the assistance of the Secretary, shall ensure that all members shall receive sufficient information in a timely manner to enable effective discussion at the meeting of the Remuneration Committee. The Chairman shall, with the assistance of the Responsible Director, brief all members on issues arising at each meeting of the Remuneration Committee. The Secretary shall circulate the draft and final versions of the minutes of meetings and reports of the Remuneration Committee to all members for comments and records within a reasonable time after each meeting, subject to any legal or regulatory restrictions restricting such circulation or the making of such reports. The Chairman shall report in the forthcoming regular Board meeting any key decisions made and shall table before the Board an index of meetings and issues discussed (D.2.2).
10. The Secretary shall record minutes of all duly constituted meetings of the Remuneration Committee. All minutes shall record in sufficient details the matters considered, decisions reached or recommendations made and any concerns raised by any member including dissenting views.

***Note:* If there is any inconsistency between the English and Chinese version of this Term of Reference, the English version shall prevail.**