



Changhong Jiahua Holdings Limited
長虹佳華控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 3991)

(the “Company”)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

Members

1. The members of the Remuneration Committee shall be appointed by the board (the “**Board**”) of directors (the “**Directors**”) of the Company from amongst the Directors, a majority of which should be independent non-executive Directors.
2. The chairman of the Remuneration Committee shall be appointed by the Board and shall be an independent non-executive Director.
3. The quorum for meetings of the Remuneration Committee shall be two members.

Secretary

4. The company secretary shall be the secretary of the Remuneration Committee.

Attendance

5. The chief executive officer shall be invited to attend Remuneration Committee meetings to discuss the performance of executive directors and where necessary, make recommendations.
6. The chief executive officer shall report to the Remuneration Committee any material changes within the Company and its subsidiaries (the “**Group**”) which may affect the remuneration structure and terms and conditions of other senior management.

Frequency of meetings

7. The Remuneration Committee shall meet at least once a year.

Consultation

8. The Remuneration Committee may seek appropriate independent professional advice as it deems necessary.

Duties

9. The duties of the Remuneration Committee are:
 - to formulate the remuneration policy for all directors and the senior management; the substantial part of the remuneration of all the executive Directors and the senior management must be linked with the operation performance of the Company.
 - to determine the 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 Group and desirability of performance-based remuneration;
 - to review and determine performance-based remuneration with reference to corporate goals and objectives resolved by the Board from time to time;
 - 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;
 - to review and approve the 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;
 - to ensure that no Director or any of his associates is involved in deciding his own remuneration;

- to make recommendations to the Board on the Company's policy and structure for remuneration of all employees including salaries, incentive schemes and other share option schemes, and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- to make recommendations to the Board on disclosure of Directors' remuneration (including policy for the remuneration of executive Directors, details of remuneration of certain individuals and other terms and conditions) in the annual reports; and
- to report to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions.

Minutes of meetings

10. Minutes of meetings of the Remuneration Committee shall be sent to all members of the Board to review.

Performance review

11. The Remuneration Committee shall review its performance annually with reference to the authorities and duties set out herein and submit to the board to review and approve.

Others

12. The terms of reference of the Remuneration Committee shall be posted both on the Company's website and the website of The Stock Exchange of Hong Kong Limited.