

CHINA ELECTRONICS CORPORATION HOLDINGS COMPANY LIMITED
Terms of Reference of Remuneration and Nomination Committee
(formerly known as Remuneration Committee)

Composition

1. The Remuneration and Nomination Committee of China Electronics Corporation Holdings Limited (“Company”) shall comprise not less than three directors, the majority of whom shall be independent non-executive directors.
2. The chairman of the Remuneration and Nomination Committee shall be appointed by the board of directors of the Company (“Board”) and shall be an independent non-executive director.
3. The secretary of the Remuneration and Nomination Committee shall be any person designated as such by the Remuneration and Nomination Committee from time to time.

Proceedings

4. The quorum for meetings of the Remuneration and Nomination Committee shall be any two of its members.
5. The chairman of the Remuneration and Nomination Committee may convene meetings at his discretion.

Authority

6. The Remuneration and Nomination Committee is authorised by the Board to perform any activity within its terms of reference. The Remuneration and Nomination Committee shall be provided with sufficient resources to perform its duties. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Remuneration and Nomination Committee.
7. The Remuneration and Nomination Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of any person with relevant experience and expertise at Remuneration and Nomination Committee meetings, at the expense of the Company, as it considers appropriate.

Duties

8. The duties of the Remuneration and Nomination Committee shall include:-
- a. to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management (being the same category of persons as referred to in the Company's annual report) and on the establishment of a formal and transparent procedure for developing the policy on such remuneration;
 - b. to have the delegated responsibilities to determine the remuneration package of individual executive director and senior management (being the same category of persons as referred to in the Company's annual report), including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment. Factors which should be taken into consideration include but not limited to salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group;
 - c. to review and approve management's remuneration proposals with reference to corporate goals and objectives 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 office or appointment to ensure that such compensation is consistent 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 consistent with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
 - f. to make recommendations to the Board on the remuneration for non-executive directors. Factors which should be taken into consideration include but not limited to salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group;
 - g. to ensure that no director or any of his associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) is involved in deciding his own remuneration;
 - h. to consult the chairman of the Board and/or the managing director/chief executive officer about their remuneration proposals relating to the other executive directors;

- i. to provide the remuneration package needed to attract, retain and motivate directors of the quality required without paying more than necessary;
- j. to ensure the Company to disclose details of any remuneration payable to members of the senior management by band in the Company's annual report;
- k. to be responsible for conducting periodical evaluation of the Board's, or individual director's performance;
- l. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- m. to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive;
- n. to identify individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;
- o. to assess the independence of independent non-executive directors;
- p. to ensure that where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why the Board believes he should be elected and the reasons why they consider him to be independent; and
- q. to consider all other matters as referred to the Remuneration and Nomination Committee by the Board.

Miscellaneous

- 9. The chairman of the Remuneration and Nomination Committee, or in the absence of the chairman of the Remuneration and Nomination Committee, another member of the Remuneration and Nomination Committee, or failing which, his duly appointed alternate, shall attend the Company's annual general meetings and be prepared to respond to any shareholder's questions on the Remuneration and Nomination Committee's activities and its responsibilities.

10. Minutes of meetings of the Remuneration and Nomination Committee shall be kept by the secretary to the meetings of the Remuneration and Nomination Committee and such minutes shall be open for inspection at any reasonable time on reasonable notice by any director of the Company. The secretary to any meeting of the Remuneration and Nomination Committee shall circulate the minutes of the meeting of the Remuneration and Nomination Committee for which he or she has acted as secretary in both draft and final form to all members of the Remuneration and Nomination Committee within a reasonable time after such meeting is held.
11. The Remuneration and Nomination Committee shall report back to the Board on all of their decisions or recommendations.
12. The Remuneration and Nomination Committee shall make available the terms of reference by inclusion on the website of The Stock Exchange of Hong Kong Limited and the Company's website for corporate communications.
13. The terms and provisions as set out above in this terms of reference shall be reviewed and confirmed at least once a year by the Remuneration and Nomination Committee.

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