



HENGXIN
恒 芯 中 國

Heng Xin China Holdings Limited 恒 芯 中 國 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 8046)

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

(Approved by the Board on 12 April 2005 and last reviewed on 26 March 2012)

1. Membership

- 1.1 Members of the Remuneration Committee (“Committee”) shall be appointed by the board of directors (the “Board”) of Heng Xin China Holdings Limited (the “Company”, together with its subsidiaries, the “Group”), on the recommendation of the Nomination Committee in consultation with the Chairman of the Remuneration Committee. The Committee shall be made up of at least 3 members, the majority of whom should be independent non-executive directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3 The Board shall appoint the Chairman of the Committee who should be an independent non-executive director. In the absence of the Chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be the Chairman of the Committee.
- 1.4 The Board may, from time to time, at their discretion, amend the terms of reference or adopt new terms of reference or change the composition of the members of the Committee.

2. Secretary

- 2.1 The Company Secretary or their nominee shall act as the secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be any two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

* For identification purposes only

4. Frequency and Proceedings of Meetings

- 4.1 The Committee shall be meet at least once a year and at such other times as the Chairman of the Committee shall require.
- 4.2 Meeting could be held in person, by telephone or by video conference. Members of the Committee may participate in a meeting by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 4.3 Without prejudice to any requirement under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as the case may be), a resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

5 Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members.
- 5.2 Unless otherwise agreed, notices of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, at least 1 working day before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6 Minutes of Meetings

- 6.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

7 Annual General Meeting

- 7.1 The Chairman of the Committee shall endeavor to attend the Annual General Meetings of the Company and be prepared to respond to any shareholder questions on the Committee's activities.
- 7.2 If the Chairman of the Committee is unable to attend an Annual General Meeting of the Company, he shall arrange for another member of the Committee, or failing this, his duly appointed delegate, to attend in his place. Such person shall be prepared to respond to any shareholder questions on the Committee's activities.

8 Duties

The Committee shall:

- 8.1 make recommendations to the 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;
- 8.2 determine, have delegated responsibility, 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;
- 8.3 make recommendations to the Board of the remuneration of non-executive directors;
- 8.4 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;
- 8.5 to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- 8.6 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;
- 8.7 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;
- 8.8 review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to directors and senior management and the performance targets to be used; and
- 8.9 to ensure that no director or any of his associates is involved in deciding his own remuneration.

9 Reporting Responsibilities

- 9.1 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report and ensure each year that it is put to shareholders for approval at the annual general meeting.

10 Other

10.1 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11 Authority

11.1 The Committee is authorized by the Board to seek any information it requires from any employee of the Company in order to perform its duties.

11.2 In connection with its duties the Committee is authorized by the Board to obtain, at the Company's expense, any outside legal or other professional advice.

11.3 The Committee is to be provided with sufficient resources to discharge its duties.

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