



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(“Company”)

**TERMS OF REFERENCE
of the remuneration committee (“Committee”)
of the Company
adopted on 7 February 2012**

1. Constitution

- 1.1 The board of directors of the Company (“Board”) resolved to establish the Committee known as the remuneration committee.
- 1.2 These terms of reference were proposed by the board of executive directors of the Company and were adopted by the Committee.

2. Membership

- 2.1 Members of the Committee shall be directors of the Company, and precisely of a minimum of 3 members. Majority of the Committee shall be independent non-executive directors of the Company. The members shall be appointed by the Board without fixed term of office but shall retire, and being eligible for re-appointment, at every annual general meeting of the Company.
- 2.2 The Board shall nominate one of the members of the Committee who is also an independent non-executive director of the Company to be the chairman of the Committee.
- 2.3 The company secretary of the Company shall be the secretary of the Committee.

3. Frequency and proceedings of meetings

- 3.1 Meetings shall be held not less than once a year before the finalization of the audited annual financial statements of the Company.
- 3.2 Additional meetings shall be arranged if the work of the Committee requires or if the chairman of the Committee considers necessary.
- 3.3 Each meeting of the Committee shall be attended, physically or by phone, by at least a member who is an independent non-executive director of the Company.

4. Functions, duties and power

The Committee shall:

- 4.1 make recommendation 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;
- 4.2 review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 4.3 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;
- 4.4 make recommendations to the Board on the remuneration of non-executive directors;
- 4.5 consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- 4.6 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;
- 4.7 review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- 4.8 ensure that no director or any of his associates is involved in deciding his own remuneration; and
- 4.9 the Committee should be provided with sufficient resources to perform its duties.

5. Reporting procedures

The secretary shall arrange the records of the meetings of the Committee in the following manner:

- 5.1 draft and final versions of minutes of the meetings should be sent to all members of the Committee present in the meeting for comments and records within a reasonable time after the meeting;
- 5.2 full minutes of meetings of the Committee should be kept by the secretary.