

**China High Precision Automation Group Limited**  
**(中國高精密自動化集團有限公司)**  
**(the “Company”)**

**REMUNERATION COMMITTEE - TERMS OF REFERENCE**

**(Adopted by Board of Directors on 28 February 2012)**

**AUTHORITY**

1. The Remuneration Committee shall have unrestricted access to the senior management to obtain any remuneration related information it requires in order to perform its duties and responsibilities. All relevant employees will be directed to co-operate with any request made by the Remuneration Committee.
2. The Remuneration Committee should have access to independent professional advice if necessary and to secure the attendance of any external professional with relevant experience and expertise if necessary. The Remuneration Committee should be provided with sufficient resources to perform its duties. The Remuneration Committee should make available its terms of reference explaining its role and the authority delegated to it by the Board by including them on the website of The Stock Exchange of Hong Kong Limited and the Company’s website.
3. The Remuneration Committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors.

**RESPONSIBILITIES**

The Remuneration Committee shall have the following responsibilities, as a minimum:-

4. to make recommendations to the board of directors (“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;
5. to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
6. either: (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or (ii) 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;

7. to make recommendations to the Board on the remuneration of non-executive directors;

8. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
9. 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;
10. to 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;
11. to ensure that no director or any of his associates is involved in deciding his own remuneration; and
12. The Company should disclose details of any remuneration payable to members of senior management by band in their annual reports.

### **MEETINGS**

13. The Remuneration Committee shall meet at least once a year.
14. The quorum of the meeting shall be any two members.
15. Resolutions of the Remuneration Committee at any meeting shall be passed by a majority of votes of members if more than two members are present and by a unanimous vote if only two members are present.

### **REMUNERATION COMMITTEE'S RESOLUTIONS**

16. A resolution in writing signed by all the members of the Remuneration Committee shall be as valid and effective as if it had been passed at a meeting of the Remuneration Committee and may consist of several documents in like form each signed by one or more of the members of Remuneration Committee. Such resolution may be signed and circulated by facsimile or other forms of electronic communications. This provision is without prejudice to any requirement under Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for a meeting of the Board or Remuneration Committee to be held.

### **REPORTING PROCEDURES**

17. (a) The Remuneration Committee shall report to the Board. At the next meeting of the Board following a meeting of the Remuneration Committee, the Chairman of the Remuneration Committee shall report their decisions and recommendations of the Remuneration Committee to the Board.

- (b) Full minutes of meetings of the Remuneration Committee shall be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes of meetings of the Remuneration Committee shall be sent to all members of the Remuneration Committee for their comment and records respectively, in both cases within 7 days after the meeting.
- (c) Copies of the minutes of meetings of the Remuneration Committee shall be provided to the Board at its meetings.
- (d) The Remuneration Committee shall make available at least one of its members to attend the Company's annual general meeting to answer shareholders' questions about remuneration related issues.

### **REVISION OF THE TERMS OF REFERENCE**

18. These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the Listing Rules).