



City e-Solutions Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 557)

CITY e-SOLUTIONS LIMITED (“the Company”) REMUNERATION COMMITTEE (“the Committee”) TERMS OF REFERENCE

Membership

1. The Committee shall consist of a minimum of three Directors appointed by the board of Directors (“the Board”) from time to time in accordance with these terms of reference as approved by the Board (including any amendments thereto as may be approved by the Board from time to time). Majority of the members of the Committee shall be independent non-executive Directors.
2. The chairman of the Committee shall be appointed by the Board from the members of the Committee, who shall be an independent non-executive Director.
3. The Company Secretary shall normally be appointed the secretary of the Committee. However, the chairman of the Committee retains the right to nominate another person to be the Secretary or the Assistant Secretary to the Committee.

Frequency and proceedings of meetings

4. The Committee shall meet at least once every year. Additional meetings shall be held as and when required in order for the Committee to carry out its functions.
5. The Secretary to the Meeting shall convene a meeting upon the request of the chairman of the Committee or any Committee member who considers it necessary.
6. In the absence of the chairman of the Committee at any of the Committee meetings, the members present shall elect one of their members to chair the meeting.
7. The quorum of a meeting shall be two members of the Committee.
8. Meetings may be conducted in person, by telephone-conference or by video-conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
9. Resolutions of the Committee at any meetings shall be passed by a majority of votes of the members present. Only members of the Committee are entitled to vote at the meetings.

10. 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.
11. The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants to advise its members.
12. At the invitation of the Committee, the Chairman of the Board, Managing Director and/or Chief Executive Officer, any other Director of the Board or any Senior Management of the Company may be invited to attend all or part of any meetings.
13. The Secretary of the Committee shall maintain and arrange for the keeping of records of the minutes of all meetings of the Committee, which shall include records of key deliberations and decisions taken, and all resolutions passed by the Committee. The minutes of all meetings of the Committee shall be circulated to all members of the Committee within a reasonable time after each meeting and, once the minutes have been confirmed, to the members of the Board for information.

Duties, powers and functions

14. The Committee shall:
 - (a) make recommendation to the Board on the Company's policy and structure (including performance-related remuneration schemes and long-term incentive arrangements) for the remuneration of all Directors and Senior Management and for the establishment of a formal and transparent procedure for developing remuneration policy;
 - (b) consider Management's recommendation and based on the delegated authority from the Board (which is confirmed within these terms of reference unless otherwise notified by the Board), determine the remuneration packages of individual executive Directors and Senior Management. The remuneration packages shall include benefits in kind and pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment, if any;
 - (c) make recommendation to the Board on the remuneration of non-executive Directors;
 - (d) consider salaries paid by comparable companies, the time commitment and responsibilities of the position and employments conditions elsewhere in the group;
 - (e) review and approve the 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;
 - (f) review and approve compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
 - (g) review and approve Management's remuneration proposal and the criteria for assessing employee performance, which should reflect the Company's business objectives and targets;

- (h) consider Management's recommendation on the payment of annual and/or variable performance bonus to employees of the Company, and review and approve the annual and/or variable performance bonus payable to the executive Directors and Senior Management, having regard to their achievements against the performance criteria and by reference to market norms;
- (i) ensure that no Director or any of his associates is involved in any decisions as to his own remuneration.
- (j) engage such external professional advisors to assist and/or advise the Committee on issues as it considers necessary, and shall be provided with full co-operation and assistance from Management and sufficient resources for the Committee to perform its duties;
- (g) do any such things to enable the Committee to perform its duties and functions conferred on it by the Board; and
- (h) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation or the listing requirements of The Stock Exchange of Hong Kong Limited.

Reporting Procedures

15. The Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report its activities and recommendations of the Committee to the Board.
16. The Committee shall make any recommendation to the Board it deems appropriate on any area within its terms of reference where action or improvement is needed.

Revised and adopted on 27 February 2012