

China First Chemical Holdings Limited

(Incorporated in the Cayman Islands.)

(the “**Company**”)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE (the “Committee”)

1. Membership

- 1.1 The Remuneration Committee shall be appointed by the Board.
- 1.2 More than half of members of Remuneration Committee (“Members”) should be Independent Non-Executive Directors (“INEDs”).
- 1.3 The chairman of the Remuneration Committee shall be appointed by the Board.
- 1.4 The term of appointment of the Remuneration Committee Members are determined by the Board at the date of appointment.

2. Secretary

- 2.1 The Company Secretary shall be the secretary of the Remuneration Committee.
- 2.2 The Remuneration Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Remuneration Committee.

3. Meeting

- 3.1 Remuneration Committee meeting shall be held at least once a year.
- 3.2 Notice of any meetings of the Committee has to be given 14 days prior to any such meeting being held, unless all the Members unanimously waive such notice. Notice of any adjourned meeting is not required if the adjournment is for less than 14 days.
- 3.3 The quorum of the Remuneration Committee shall be any two Members, one of which should be an INED.
- 3.4 Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a telephone conference or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 3.5 Resolutions of the Remuneration Committee at any meetings shall be passed by more than half of the Members present.
- 3.6 A resolution in writing signed by all the Members of the Remuneration Committee shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.

- 3.7 Minutes shall be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes shall be circulated to all Members for their comment and records respectively, in both cases within a reasonable period of time after the meeting. Such minutes shall be open for Directors' inspection.

4. Attendance at Meetings

- 4.1 At the invitation of the Remuneration Committee, the Chairman of the Board and/or Managing Director or Chief Executive Officer, external advisers and other persons may attend all or part of any meetings.
- 4.2 Only the Members are entitled to vote at the Meetings.

5. Annual General Meetings

- 5.1 The Chairman of the Remuneration Committee or in his/ her absence, another Member (who must be an INED) of the Committee shall attend the Annual General Meetings of the Company and make himself/ herself available to respond to any shareholder's questions on the Remuneration Committee's activities.

6. Responsibility, Powers and Discretion

The Remuneration Committee shall have the following responsibilities, powers and discretion:

- 6.1 To make recommendations to the Board on the Company's policy and structure remuneration of Directors and senior management and on the establishment and transparent procedure for developing policy on such remuneration;
- 6.2 To review and approve the remuneration of Directors and senior management in accordance with the company principles and objectives formulated by the Board;
- 6.3 To make recommendations to the Board on the remuneration of individual 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, and make recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee should 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;
- 6.4 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;
- 6.5 To review and approve the 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; and
- 6.6 To ensure that no Director or any of his associates is involved in deciding his own remuneration.

7. Reporting Responsibilities

7.1 The Remuneration Committee shall report to the Board after each meeting.

8. Authority

8.1 The Remuneration Committee shall consult the Chairman of the Board and/or Chief Executive Officer, about their proposals relating to the remuneration of other executive Directors.

8.2 The Remuneration Committee is authorized by the Board to seek any remuneration related information it requires from senior management of the Company in order to perform its duties.

8.3 The Remuneration Committee is authorized by the Board where necessary to have access to professional advice in appropriate circumstances at the Company's his/her duty as a Member at the Company's expense.

8.4 The Remuneration Committee shall be provided with sufficient resources to discharge its duties.