

# CHINA METRO-RURAL HOLDINGS LIMITED

## COMPENSATION COMMITTEE CHARTER

### **Purpose**

The purpose of the Compensation Committee (the “Committee”) of the board of directors (the “Board”) of China Metro-Rural Holdings Limited, a British Virgin Islands Company (the “Company”), is to discharge certain responsibilities of the Board with respect to compensation and to make such reports in respect of compensation, compensation practices and related matters as may be required of a compensation committee.

### **Membership & Organization**

The Committee shall be comprised of at least two (2) members of the Board. Such members shall be appointed by the Board and each member of the Committee shall serve at the pleasure of the Board and may be replaced by the Board. Unless a chair is designated by the Board, the members of the Committee may appoint a chair of the Committee.

In the event that the Committee has more than two (2) members and one (1) or more members of the Committee are absent from a meeting of the Committee, or, being present at a meeting, recuse themselves from an action taken, the remaining members of the Committee (provided there are at least two (2) such members), acting unanimously, shall have the power to take any necessary action. No action of the Committee shall be valid unless taken pursuant to a resolution adopted and approved by at least two (2) members of the Committee. No employee-member of the Committee shall participate in any discussions or deliberations relating to such person’s own compensation or other matters in which such person has a material interest.

The Committee may also act by unanimous written consent of the then-serving members of the Committee.

### **Authority & Responsibilities**

The authority delegated to the Committee is set forth below. This description of authority is intended as a guide and the Committee may act and establish policies and procedures that are consistent with these guidelines or are necessary or advisable, in its discretion, to carry out the intent of the Board in delegating such authority and to fulfill the responsibilities of the Committee hereunder.

1. The Committee shall review the Company’s compensation policies and practices to assess the adequacy in promoting the long-term interests of the Company and its stockholders and to further assess whether such compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the Company.

2. The Committee has exclusive authority to review and recommend to the Board for determination the amount and form of compensation paid to the Company's Chief Executive Officer, as is necessary to compensate the Chief Executive Officer in a manner consistent with its determinations. The Committee will review the Chief Executive Officer's performance in light of goals and objectives established by the Committee for such performance, including the relationship of such compensation to corporate performance. In light of such reviews, the Committee will determine the Chief Executive Officer's compensation and incentive-compensation and equity-based plan awards that are subject to the Board approval.

3. With respect to "executive officers" and "officers" of the Company, other than the Company's Chief Executive Officer (the "Other Executive Officers"), the Committee has authority to review and recommend the amount and form of compensation paid to the Other Executive Officers, as is necessary and advisable to compensate the Other Executive Officers in a manner consistent with its determinations. The Committee will review the Other Executive Officers' performance in light of goals and objectives established by the Committee for such performance, including the relationship of such compensation to corporate performance. In light of such reviews, the Committee will determine the Other Executive Officers' compensation and incentive-compensation and equity-based plan awards that are subject to the Board approval.

4. The Committee has authority to review and recommend the amount and form of compensation paid to the Company's executive officers, officers, employees, consultants and advisors and to review the performance of such persons in order to determine appropriate compensation, as well as to establish the Company's general compensation policies and practices, as is necessary to compensate such persons and to implement such policies and practices in a manner consistent with its determinations, subject to the Board approval. It is expected that the Committee may delegate its authority on these matters with regard to non-officer employees and consultants of the Company to officers and other appropriate Company supervisory personnel.

5. The Committee will periodically review and make recommendations to the Board as to compensation for the non-employee directors of the Board.

6. The Committee has authority to review the Company's equity compensation plans, including without limitation to review the adoption of such plans, to recommend the number of shares of Common Stock to be reserved for issuance thereunder, to suggest amendments and interpret such plans and the awards and agreements issued pursuant thereto, and to make awards to eligible persons under the plans and determine the terms of such awards, that are subject to the Board approval.

7. The Committee has authority to select, engage, compensate and terminate compensation consultants, legal counsel and such other advisors as it deems necessary and advisable to assist the Committee in carrying out its responsibilities and functions as set forth herein. Compensation paid to such parties and related expenses will be borne by the Company and the Company will make appropriate funding available to the Committee for such purposes. The Committee shall also have the authority for approving the material terms of all arrangements between the Company and compensation consultants unless the Committee has retained its own consultant or the services relate only to consulting on broad-based plans. Before selecting any compensation consultants, legal counsel or other advisors described above the Committee will consider the following factors:

- (a) the provision of other services to the Company by the compensation consultant, legal counsel, or other adviser;
- (b) the amount of fees received from the Company by the compensation consultant, legal counsel, or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel, or other adviser;
- (c) the policies and procedures of the compensation consultant, legal counsel, or other adviser that are designed to prevent conflicts of interest;
- (d) any business or personal relationship of the compensation consultant, legal counsel, or other adviser with a member of the Compensation Committee; and
- (e) any stock of the Company owned by the compensation consultant, legal counsel, or other adviser.

8. The Committee has the authority to perform such other activities and functions as are required by law, applicable stock exchange rules or provisions in the Company's charter documents, or as are otherwise necessary and advisable, in its or the Board's discretion, to the efficient discharge of its duties hereunder.

Except with respect to matters which the Board delegates to the Committee exclusive authority during such period of time that the Committee is empanelled with at least two (2) qualifying members as required above, the Board has simultaneously reserved to itself all authority delegated under this Charter to the Committee. This reservation of authority does not in any way limit the Committee's authority to act definitively on matters delegated to it under this Charter.

## **Meetings**

The Committee shall meet as often as it determines necessary. The Committee Chair may call Committee meetings and, in consultation with other Committee members, shall determine the frequency and length of Committee meetings and shall set agendas for such meetings consistent with this Charter. In the absence of a Committee Chair, a majority of the members of the Committee may call a meeting of the Committee.

## **Minutes & Reports**

The Committee shall make regular reports to the Board with respect to significant actions and determinations made by the Committee. The Committee shall maintain written minutes of its meetings and shall, to the extent deemed appropriate, record its summaries of recommendations to the Board in written form. The minutes and the recommendations, as applicable, shall be incorporated as part of the minutes of the Board.

## **Periodic Review**

The Committee will periodically review its own performance and report on its conclusions in this regard to the Board. In addition, the Committee will periodically review this Charter and make recommendations to the Board with regard to appropriate changes to the Charter.

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