

# **CHINA INFORMATION TECHNOLOGY, INC.**

## **COMPENSATION COMMITTEE CHARTER**

### **PURPOSE**

The purpose of the Compensation Committee of China Information Technology, Inc. (the “**Company**”) is to discharge the responsibilities of the Company’s Board of Directors (the “**Board**”) relating to compensation of the Company’s executives, to produce an annual report on executive compensation for inclusion in the Company’s proxy statement, if required, and to oversee and advise the Board on the adoption of policies that govern the Company’s compensation programs, including stock and benefit plans.

### **MEMBERSHIP AND STRUCTURE**

The members of the Compensation Committee are appointed by the Board, considering the recommendation of its Governance and Nominating Committee. The members of the Compensation Committee may be removed by the Board on its own motion or on the recommendation of its Governance and Nominating Committee.

The membership of the Compensation Committee consists of at least two directors, all of whom shall (a) meet the independence requirements established by the Board and applicable laws, regulations and listing requirements of The NASDAQ Stock Market LLC (“**Nasdaq**”) including the independence test for compensation committee members described in Nasdaq Listing Rule 5605(d)(2), (b) be a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (c) be an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code.

The Board may appoint the Chair of the Compensation Committee. Alternatively, the Board may direct that the members of the Compensation Committee elect the Chair.

### **OPERATIONS**

The Chair will determine how often the Compensation Committee meets. The Chair, in consultation with the other members of the Compensation Committee, will also schedule the Compensation Committee meetings and establish the agenda for each meeting. The Compensation Committee will cause adequate minutes of all its proceedings to be kept, and will report on its actions and activities at the next quarterly meeting of the Board. Compensation Committee members will be furnished with copies of the minutes of each meeting and any action taken by unanimous consent. The Compensation Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Compensation Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Compensation Committee, attend any meeting of the Compensation Committee to provide such pertinent information as the Compensation Committee requests.

The Compensation Committee is authorized to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Company’s Memorandum and Articles of Association (c) the laws of the British Virgin Islands.

### **AUTHORITY**

The Compensation Committee will have the resources and authority necessary to discharge its duties and responsibilities. The Compensation Committee has sole authority to retain or obtain the advice of any, compensation consultants, outside legal counsel or other advisers as the Compensation Committee determines appropriate in its sole discretion. The Compensation Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such advisers that it retains, and the Company shall provide appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation, for such advisers.

The Compensation Committee may select a compensation consultant, legal counsel or other adviser to the Compensation Committee only after taking into consideration the following independence factors specified in Nasdaq Listing Rule 5605(d)(3) (the “**Independence Factors**”):

1. The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
2. The amount of fees received from the Company by the person that employs 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;
3. The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
4. Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Compensation Committee;
5. Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
6. Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

The Compensation Committee shall not be required to consider the Independence Factors prior to obtaining advice from in-house counsel. The Compensation Committee shall also not be required to consider the Independence Factors prior to obtaining an adviser’s counsel on (i) any broad-based plan that does not discriminate in scope, terms or operation, in favor of executive officers or directors of the Company and that is generally available to all salaried employees, or (ii) any information that is not customized for the Company or that is customized based upon parameters not developed by the adviser or the Company, and about which the adviser does not provide advice.

Any communications between the Compensation Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Compensation Committee will take all necessary steps to preserve the privileged nature of those communications.

The Compensation Committee may, to the extent permitted under applicable law, the applicable rules of Nasdaq and the Securities and Exchange Commission, and the Company’s Memorandum and Articles of Association, form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Compensation Committee.

## **RESPONSIBILITIES**

The principal responsibilities and functions of the Compensation Committee are as follows:

1. Review the competitiveness of the Company's executive compensation programs to ensure (a) the attraction and retention of corporate officers, (b) the motivation of corporate officers to achieve the Company's business objectives, and (c) the alignment of the interests of key leadership with the long-term interests of the Company's members.
2. Review trends in management compensation, oversee the development of new compensation plans, and, when necessary, approve the revision of existing plans.
3. Review and approve the compensation structure for corporate officers at the level of corporate vice president and above.
4. Oversee an evaluation of the performance of the Company's executive officers and approve the annual compensation, including salary, bonus, incentive and equity compensation, for the executive officers.
5. Review and approve Chief Executive Officer ("CEO") goals and objectives, evaluate CEO performance in light of these corporate objectives, and set CEO compensation consistent with Company philosophy. The CEO may not be present during deliberations or voting concerning the CEO's compensation. The results of the CEO evaluation will be considered in setting CEO salary and other compensation.
6. Review and approve compensation packages for new corporate officers and termination packages for corporate officers as requested by management.
7. Review and discuss with the Board and senior officers plans for officer development and corporate succession plans for the CEO and other senior officers.
8. Review and make recommendations concerning long-term incentive compensation plans, including the use of equity-based plans. Except as otherwise delegated by the Board, the Compensation Committee will act on behalf of the Board as the "Committee" established to administer equity-based and employee benefit plans, and as such will discharge any responsibilities imposed on the Compensation Committee under those plans, including making and authorizing grants, in accordance with the terms of those plans.
9. Making recommendations to the Board regarding the compensation of Board members;
10. Review periodic reports from management on matters relating to the Company's personnel appointments and practices.
11. Produce an annual report of the Compensation Committee on executive compensation for the Company's annual proxy statement in compliance with applicable Securities and Exchange Commission rules and regulations and relevant listing authority.
12. Regularly review and make recommendations about changes to the charter of the Compensation Committee.
13. Obtain or perform an annual evaluation of the Compensation Committee's performance and make applicable recommendations.
14. Performing such other duties as may be requested by the Board or as assigned by the Company's articles of incorporation, bylaws or applicable law, rule or regulation.

***Adopted by the Board of Directors on November 14, 2014, 2014***