



**China Hongqiao Group Limited**  
**中國宏橋集團有限公司**

*(Incorporated under the laws of Cayman Islands with limited liability)*  
(the “Company”)  
(Stock Code: 1378)

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE  
(THE “COMMITTEE”) OF THE BOARD OF DIRECTORS  
(THE “BOARD”) OF THE COMPANY**

**1. Constitution**

1.1 The Committee is established pursuant to a resolution passed by the Board at its meeting held on 16 January 2011 with its responsibilities:

- (a) to consult the chairman and/or chief executive about their remuneration proposals for other executive directors;
- (b) to make recommendations to the Board on the Company’s policy and structure for all directors’ and senior management’s remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (c) to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- (d) 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;
- (e) to make recommendations to the Board on the remuneration of non-executive directors;
- (f) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Company and its subsidiaries (the “Group”);
- (g) 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;

- (h) 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;
- (i) to ensure that no director or any of his associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) is involved in deciding his own remuneration; and
- (k) in respect of any service agreement to be entered into between any members of the Group and its director or proposed director that require prior approval of the Company’s shareholders pursuant to the Listing Rules, to review and advise the shareholders of the Company (other than shareholder(s) who is/are director(s) with a material interest in the relevant service agreements and their respective associates) as to whether the terms of the service agreements are fair and reasonable and whether such service agreements are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote.

## **2. Membership**

- 2.1 Members of the Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members, a majority of whom shall be independent non-executive directors.
- 2.2 The chairman of the Committee shall be appointed by the Board and has to be an independent non-executive director of the Company.
- 2.3 The appointment of the members of the Committee may be revoked, or additional members may be appointed to the Committee by resolutions passed by the Board.
- 2.4 The secretary of the Company shall act as the secretary of the Committee.
- 2.5 The constitution of the Committee shall comply with the requirements of the Listing Rules as amended from time to time.

## **3. Frequency and proceedings of meetings**

- 3.1 The Committee should meet at least once per year. The Chairman may convene additional meetings at his discretion.

### 3.2 Notice of Meeting

- (a) Unless otherwise agreed by all the Committee members, a meeting shall be convened by at least fourteen (14) days' notice.
- (b) A Committee member may at any time summon a Committee meeting.
- (c) Notice shall be given to each Committee member in person orally or in writing or by telephone or by facsimile transmission or email at numbers or addresses from time to time notified to the secretary of the Company by such Committee member or in such other manner as the Committee members may from time to time determine, provided that a Committee member shall not be in attendance when his/her own remuneration package or benefits are being discussed.
- (d) Any notice given orally shall be followed by confirmation in writing before the meeting.
- (e) Notice of meeting shall state the time and place of the meeting and shall be accompanied by a proposed agenda.
- (f) Final agenda and accompanying supporting papers shall be sent, in full, to all members of the Committee and to other attendees as appropriate at least 3 days before the date of the meeting (or such other period as the members may agree).

3.3 The quorum of the Committee meeting shall be two members of the Committee.

3.4 Other Board members shall also have the right of attendance.

### **4. Alternate Committee members**

4.1 A Committee member may not appoint any alternate.

### **5. Authorities of the Committee**

5.1 The Committee has the authority delegated to it from the Board to deal with the matters set out in clause 1.1 above.

5.2 The Committee should be provided with sufficient resources to perform its duties. Where necessary, the Committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.

## **6. Minutes of meetings**

6.1 Full minutes of Committee meetings shall be kept by the secretary of the Company and should be open for inspection at any reasonable time on reasonable notice by any director of the Company. The secretary of the Company shall circulate the draft and final versions of minutes of Committee meetings to all the Committee members for their comments and records respectively, within a reasonable time after the meeting.

## **7. Written resolutions**

7.1 Resolutions may be passed by all Committee members in writing. This provision is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

## **8. Reporting procedures**

8.1 The Committee should report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).

## **9. Continuing application of the articles of association of the Company**

9.1 The articles of association of the Company regulating the meetings and proceedings of the directors of the Company so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

## **10. Powers of the Board**

10.1 The Board may, subject to compliance with the articles of association of the Company and the Listing Rules (including Appendix 14 (Corporate Governance Code and Corporate Governance Report) to the Listing Rules), amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

**11. If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.**