



中國動向(集團)有限公司
China Dongxiang(Group) Co.,Ltd.

中國北京經濟技術開發區景園北街2號21樓 郵編100176
Building 21, No.2 Jingyuanbei Street, Beijing Economic-Technological Development Area, Beijing 100176, China
電話 Tel: (8610)6783 6666 傳真 Fax: (8610)6785 6499

China Dongxiang (Group) Co., Ltd.
(the “**Company**”)

Remuneration Committee Terms of Reference
Adopted by the Board on 12 September 2007

1 Constitution

The board of directors of the Company (the “**Board**”) hereby constitutes and establishes a remuneration committee (the “**Remuneration Committee**”) with authority, responsibility, and specific duties as described below.

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2 Membership

2.1 The Remuneration Committee shall be appointed by the Board and a majority of the members of the Remuneration Committee shall be independent non-executive directors. The members of the Remuneration Committee shall be identified in the Board's remuneration report to the shareholders of the Company. The members of the Remuneration Committee shall appoint its Chairman. The Remuneration Committee shall consist of at least three members. A quorum shall be two members.

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2.2 Each member of the Remuneration Committee shall disclose to the Remuneration Committee:

2.2.1 any personal financial interest (other than as a shareholder) in any matter to be decided by the Remuneration Committee;

2.2.2 any potential conflict of interest arising from a cross-directorship; or



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2.2.3 any such member shall abstain from voting on resolutions of the Remuneration Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Remuneration Committee.

3 Secretary

The Company Secretary of the Company (the “**Company Secretary**”) shall be the secretary of the Remuneration Committee.

4 Authority

The Remuneration Committee is authorised by the Board to investigate any activity within this terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Remuneration Committee. The Remuneration Committee is authorised by the Board to consult the chairman or the chief executive officer of the Company about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary. The Remuneration Committee shall be provided with sufficient resources to discharge its duties.

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5 Duties

5.1 The duties of the Remuneration Committee shall be:

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5.1.1 to make recommendations to the Board on the Company’s policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;



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- 5.1.2 to have the delegated responsibility to determine the specific remuneration packages of all executive 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 shall 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;
- 5.1.3 to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- 5.1.4 to consider and approve the grant of share options to qualified participants pursuant to the Share Option Scheme conditionally adopted by the Company pursuant to a resolution passed by shareholders of the Company on 12 September 2007;
- 5.1.5 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;
- 5.1.6 to review and approve 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;
- 5.1.7 to ensure that no director or any of its associates is involved in deciding his own remuneration;

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- 5.1.8 to prepare a remuneration report to shareholders or advise the Board in relation to the preparation of the Board's remuneration report to shareholders. Where the Board resolves to approve any remuneration or compensation arrangements which the remuneration committee has previously resolved not to approve, the Board must disclose the reasons for its resolution in its next annual report; and
- 5.1.9 to keep the Board fully informed of its actions.
- 5.2 For the purpose of this term of reference, "senior management" should refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 to the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong.
- 5.3 In carrying out its duties under this terms of reference, the Remuneration Committee should:
- 5.3.1 provide the packages needed to attract, retain and motivate executive directors of the quality required to run the Company successfully, but should avoid paying more than is necessary for this purpose;
- 5.3.2 be sensitive to the wider scene, including pay and employment conditions elsewhere, especially when determining annual salary increases;
- 5.3.3 ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive directors and should be designed to align their interest with those of shareholders and to give these directors keen incentives to perform at the highest levels; and

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- 5.3.4 ensure that executive share options (if any) are offered in accordance with the Exchange Listing Rules.

6 Frequency of meetings

Meetings shall be held as and when appropriate, but at least once annually.

7 Attendance

- 7.1 As necessary or desirable, the Chairman may request that members of management be present at the meeting of the Remuneration Committee.
- 7.2 Meetings may be held by way of telephone conference.

8 Minutes

- 8.1 Minutes of the Remuneration Committee shall be sent to all members of the Remuneration Committee within 14 days of the meeting.
- 8.2 The Company Secretary shall circulate the minutes of the meetings of the Remuneration Committee to all members of the Board.

9 General

The Remuneration Committee should make available these terms of reference, explaining its role and the authority delegated to it by the Board.

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