



**Implementation Rules of Remuneration and Appraisal Committee of the Board**  
(Amended on 27 March 2012)

**Chapter 1 General Provisions**

Article 1

In order to further enhance the management system on the remuneration and appraisal of the Company's directors, managers and other senior management members, and improve the corporate governance structure, the board of directors (the "Board") sets up the Remuneration and Appraisal Committee (the "Committee") and formulates these implementation rules ("Rules") in accordance with the Company Law of the People's Republic of China, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Articles of Association of the Company and other related regulations.

Article 2

The Committee is a body specifically set up according to the resolution of the Board meeting, mainly responsible to formulate the performance appraisal standard of the directors and the senior management members and carry out such appraisal; formulate and review the remuneration plan and proposal for the directors, managers and other senior management members and report to the Board.

Article 3

The directors referred to herein represent the directors who receive remuneration from the Company; senior management members represent persons mentioned in the Company's annual report, including directors of the Company's subsidiaries, general manager, deputy managers, Financial Controller and the Secretary to the Board appointed by the Board.

**Chapter 2 Composition**

Article 4

The Committee shall comprise five directors, a majority of which shall be independent non-executive directors.

Article 5

Members of Remuneration and Appraisal Committee shall be nominated by the Chairman of the Board, more than one half of the independent non-executive Directors or one third of all directors and shall be elected by the Board.

#### Article 6

The Committee shall have one chairman who shall be an independent non-executive Director, and be in charge of the work of the Committee; the chairman shall be elected among the members of the Committee and reported to the Board for approval.

#### Article 7

The term of office of members of Remuneration and Appraisal Committee shall be in congruence with the term of the Board and the members may be re-elected and re-appointed upon the expiry of the current term of office. If during the term, any member of Remuneration and Appraisal Committee no longer maintains the position as a director, he or she shall automatically lose the qualification as a member and the replacement shall be appointed by the Board in accordance with Articles 4 to 6 above.

#### Article 8

As a unit working for the Board, the Board Office shall co-ordinate the work of the Committee, provide information on the Company's operation and persons to be appraised, prepare meetings of the Committee and implement relevant resolutions of the Committee.

### **Chapter 3 Duties and Powers**

#### Article 9

The major terms of reference of Remuneration and Appraisal Committee include:

1. to consider the appraisal criteria for directors and senior management members, to perform the appraisal and provide suggestions;
2. to make recommendations to the Board on the remuneration policy and structure for all directors and senior management members and on the formulation of formal and transparent procedure for developing remuneration policy;
3. to supervise the execution of the remuneration system;
4. to determine the specific remuneration packages (including benefit in kind, pension rights and compensation payment including such as compensation for loss or termination of office or appointment) for all individual executive directors and senior management members and to make recommendations to the Board regarding the remuneration of non-executive directors. The Committee shall include remuneration paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
5. to review and approve the management's remuneration proposals with reference to corporate goals

and objectives resolved by the Board from time to time;

6. 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 to agreement terms; and if compensation payable could not be consistent with agreement terms, it should be fair and not excessive;
7. to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure they are consistent with agreement terms; and if compensation arrangements could not be consistent with agreement terms, it should be reasonable and appropriate;
8. to ensure that no director or any of his associates is involved in deciding his own remuneration;
9. other matters authorised by the Board.

#### Article 10

The Committee shall be entitled to veto the remuneration plan and scheme that are contrary to the interests of Shareholders.

#### Article 11

Remuneration plan for non-executive directors proposed by the Committee shall be approved by the Board.

### **Chapter 4 Rules of Procedures**

#### Article 12

The Committee shall hold at least one meeting each year and notify all members five days prior to the meeting. The meeting shall be presided over by the Chairman.

#### Article 13

The meeting of the Committee shall not be held unless all members attend the meeting. Each member shall have one vote and the resolutions made by the meeting must be approved by more than half of all the members.

#### Article 14

The voting method of the meeting of the Committee shall be voting by a show of hands or by poll. An extraordinary meeting may be held by way of voting by telecommunication.

#### Article 15

The Supervisors are entitled to attending the meetings of the Committee; Directors and senior management members may be invited by the Committee to attend its meetings when necessary.

#### Article 16

The Committee shall consult with the Chairman and/or the Chief Executive in respect of the remuneration proposals for other executive Directors. If necessary, the Committee may appoint intermediaries to provide professional advice for its decisions at its meetings at the expense of the Company.

#### Article 17

When the remuneration and appraisal of members of the Committee is discussed at the meetings, the person, concerned shall be absent from such discussion.

#### Article 18

The convening procedure and voting method of the meeting of the Committee and the remuneration policy and distribution scheme passed at such meetings shall comply with the relevant laws, regulations, Articles of Association and these Rules.

#### Article 19

There shall be minutes of meetings of the Committee and members of Remuneration and Appraisal Committee attending the meetings shall sign their names thereon; the minutes of the meeting shall be kept by the secretary to the Board.

#### Article 20

Resolutions passed by and voting results of the meeting of the Committee shall be reported to the Board in writing.

#### Article 21

All members of the Committee attending the meeting shall have the obligation for keeping the discussed matters confidential and shall not disclose relevant information without authorisation; otherwise, they shall assume legal liability.

### **Chapter 5 Supplementary Provisions**

#### Article 22

These Rules shall be executed on the date when being approved by the Board.

#### Article 23

For the matters which are not covered by these Rules, they shall be executed in accordance with the relevant laws and regulations of the State and the Articles of Association. In the event that these Rules are not in congruence with the laws and regulations promulgated by the PRC government in future or the Articles of Association amended through valid procedure, the relevant laws and regulations of the PRC government and the Articles of Association shall prevail, and these Rules shall be revised immediately and the revised Rules shall be reported to the Board for consideration and approval.

Article 24

The rights to interpret these Rules shall belong to the Board.

(The English version of this document is for reference only. In case of discrepancies or inconsistency between the English version and Chinese version, the Chinese version shall prevail.)