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寶業集團股份有限公司

BAOYE GROUP COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 2355)

Terms of Reference of Remuneration Committee

Membership

- (a) The Remuneration Committee (the “Committee”) shall consist of three directors (the “Directors”) of Baoye Group Company Limited* (the “Company”, together with its subsidiaries, the “Group”) appointed by the Company’s board of Directors (the “Board”) with at least two of them being independent non-executive Directors.
- (b) The Board shall designate either the chairman of the Board or an independent non-executive Director to be the chairman of the Committee (the “Committee Chairman”).

Frequency of meetings

- (a) The Committee shall meet at least annually. Additional meetings shall be held as the work of the Committee demands.
- (b) In addition, the Committee’s Chairman may convene additional meetings at his discretion.
- (c) The quorum of a meeting shall be two Committee members.

Duties, powers and functions

- (a) to make recommendations to the Board’s policies and structure for Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the remuneration of the management’s remuneration

- proposals with reference to the Board's corporate goals and objectives;
- (c) 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;
 - (d) to make recommendations to the Board on the remuneration of non-executive directors;
 - (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
 - (f) 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;
 - (g) to review and approve compensation arrangements relating to dismissal or removal of relevant directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
 - (h) to ensure that no director or any of his associates is involved in determining his own remuneration; and
 - (i) to report to the Board on the matters set out in the provisions above.

Reporting Procedures

The Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the Committee Chairman shall report the findings and recommendations of the Committee to the Board.

Zhejiang Province, the PRC
19 March 2012

** For identification purpose only*