

AVIC International Holding (HK) Limited
(the “Company”)

TERMS OF REFERENCE
OF
REMUNERATION COMMITTEE

1. Membership

- 1.1 The Remuneration Committee (the “Committee”) shall be appointed by the board (the “Board”) of directors (“Directors”) of the Company.
- 1.2 The majority of the members (“Members”) of the Committee must be independent non-executive Directors (“INED”).
- 1.3 The chairman of the Committee shall be appointed by the Board and must be an INED.

2. Meetings

- 2.1 The Committee shall meet at least once a year.
- 2.2 The chairman of the Committee may convene additional meetings at his discretion.
- 2.3 The quorum of a meeting shall be two Members.
- 2.4 Proceedings of meetings of the Committee shall be governed by the provisions of the Bye-laws of the Company.
- 2.5 Only Members of the Committee are entitled to vote at the meetings.
- 2.6 The secretary of the Company shall be the secretary of the Committee.
- 2.7 The Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Committee.

3. Authority

- 3.1 The Committee shall consult the chairman of the Board and/or chief executive officer about their remuneration proposals for other executive Directors and senior management.
- 3.2 The Committee is authorized by the Board to seek any remuneration related information it requires from senior management in order to perform its duties.
- 3.3 The Committee is authorized by the Board where necessary to have access to independent professional advice.

3.4 The Committee shall be provided with sufficient resources to perform its duties.

4. Responsibility, duties, powers and functions

The Committee shall have the following responsibilities, duties, powers and functions:

- 4.1 to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 4.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 4.3 either :
 - (a) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or
 - (b) 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;

- 4.4 to make recommendations to the Board on the remuneration of non-executive Directors;
- 4.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
- 4.6 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 with contractual terms and is otherwise fair and not excessive;
- 4.7 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; and
- 4.8 to ensure that no Director or any of his associates is involved in deciding his own remuneration.

5. Reporting Procedures

- 5.1 The Committee shall report to the Board when appropriate.

Note:

1. Arrangement to seek professional advice could be made through the secretary of the Company.