

# China Chengtong Development Group Limited

*(incorporated in Hong Kong with limited liability)*

## <Remuneration Committee>

### Terms of Reference

#### *Membership*

1. The members of the remuneration committee (“**Remuneration Committee**”) of the board (“**Board**”) of directors (“**Directors**”) of China Chengtong Development Group Limited (“**Company**”, together with its subsidiaries, “**Group**”) shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, a majority of whom should be independent non-executive Directors.
2. The chairman of the Remuneration Committee should be an independent non-executive Director and shall be appointed by the Board.

#### *Frequency and procedures of meetings*

3. Meeting(s) of the Remuneration Committee shall be held at least once a year. The members of the Remuneration Committee may adopt from time to time the procedure governing the convening of committee meetings, the means and procedure for the passing of resolutions of the committee meetings.
4. The quorum of the Remuneration Committee shall be any two members.
5. Resolutions of the Remuneration Committee at any meetings shall be passed by a majority of votes of the members present.
6. A resolution in writing signed by all the members of the Remuneration Committee shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.
7. The company secretary of the Company or his or her delegate or such other person appointed by the chairman of the Remuneration Committee shall be the secretary of the Remuneration Committee.
8. The secretary of the Remuneration Committee, in consultation with the chairman of the Remuneration Committee, should be responsible for drawing up the agenda of each Remuneration Committee meeting. The secretary of the Remuneration Committee shall assist the chairman of the Remuneration Committee and ensure that all committee members shall be provided with sufficient information in a timely manner to enhance the efficiency of a Remuneration Committee meeting.
9. The secretary of the Remuneration Committee shall circulate the draft and final

versions of the minutes of meeting to all committee members for their comment and records within a reasonable period of time after each meeting.

10. All decisions reached in a meeting of the Remuneration Committee must be reported to the Board.

#### *Attendance at meetings*

11. The Remuneration Committee may, from time to time, invite any Board member or senior management or any other person to attend any of its meetings so as to ensure that the Remuneration Committee duly performs its duties and obligations.

#### *Authority*

12. The Remuneration Committee is authorized by the Board to carry out such related matters in accordance with its terms of reference. It is authorized to obtain any information it requires from any employees of the Company.
13. Where necessary, the Remuneration Committee is authorized by the Board to seek independent professional advice, at the Company's expenses, so as to ensure the Board remains informed of market trends and practices on remuneration packages offered to directors and senior management of comparable companies and if necessary, may invite such professional(s) to attend the meeting of Remuneration Committee.
14. The Company should provide sufficient resources to the Remuneration Committee to perform its duties.

#### *Duties*

15. The duties of the Remuneration Committee are as follows:
  - a. to make recommendations to the Board on the Company's policy and the structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
  - b. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
  - c. to consult the chairman of the Board, vice chairman of the Board and/or the managing director of the Company about the remuneration proposals for other executive Directors. For such purpose, the Remuneration Committee should obtain and consider the latest remuneration package offered by comparable companies in the market, or if necessary, to engage external personnel consultants for obtaining such information;
  - 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 consider salaries paid by comparable companies, time commitment and responsibilities, employment conditions elsewhere in the Group, financial status of the Group, rewards linked to corporate and individual director's performance and the overall economic condition;
- f. to make recommendations to the Board on the remuneration of non-executive Directors;
- g. to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment (if applicable) to ensure that it is consistent with contractual terms (if any) 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 disclose in the annual report the Directors' and senior management's remuneration in accordance with the relevant accounting principles and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**");
- j. to ensure that no Director or any of his associates is involved in deciding that Director's own remuneration; and
- k. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.