

# **China Chengtong Development Group Limited**

*(incorporated in Hong Kong with limited liability)*

## **<Remuneration Committee>**

### **Terms of Reference**

#### ***Constitution***

1. The board of directors (the “**Board**”) of China Chengtong Development Group Limited (the “**Company**”) has established a Remuneration Committee on 29 March 2005 and approved its terms of reference. The Board had on 24 March 2006, 27 February 2009 and 29 March 2012 amended the terms of reference of the Remuneration Committee respectively.

#### ***Membership***

2. The members of the Remuneration Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members, a majority of whom should be independent non-executive directors.
3. The chairman of the Remuneration Committee should be an independent non-executive director and shall be appointed by the Board. In his absence, the remaining members present shall elect one of them to chair the committee meeting.

#### ***Frequency and procedures of meeting***

4. Meeting(s) 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.
5. The quorum of the Remuneration Committee shall be any two members.
6. Resolutions of the Remuneration Committee at any meetings shall be passed by a majority of votes of the members present.
7. Remuneration Committee members may pass resolutions by way of written resolutions, but such must be passed by all Remuneration Committee members in writing.

#### ***Attendance at meeting***

8. The Remuneration Committee may, from time to time, invite any Board member or senior management or any other person to attend any of its meeting so as to ensure that the Remuneration Committee to better perform its duties and obligations.
9. The Company Secretary 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.

### ***Authority***

10. 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.
11. Where necessary, the Remuneration Committee is authorized by the Board to seek independent professionals advice, at the Company's expenses so as to ensure the Board remains informed of market trends and practices and if necessary, may invite those professional(s) to attend the meeting of Remuneration Committee.

### ***Duties***

12. The duties of the Remuneration Committee are as follow :
  - a. to make recommendations to the Board on the Company's policy and the structure for all 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 management's remuneration proposals with reference to the Board's corporate goals and objectives;
  - c. to consult the chairman, vice chairman of the Board and/or the managing director about their remuneration proposals for other executive directors. For such purpose, the Remuneration Committee should obtain the latest remuneration standard from the comparable companies in the market, or if necessary, to engage external personnel consultants for obtaining such information;
  - d. either:
    - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or
    - (ii) to make remuneration 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 economy condition;
  - f. to make recommendations to the Board of 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 there is relevant terms) 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 properly in the annual report regarding directors' remuneration in accordance with the accounting principles and the Listing Rules; and
  - j. to ensure that no director or any of his associates is involved in deciding his own remuneration.

***Other procedure***

13. 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 of the Remuneration Committee meeting. The secretary of the Remuneration Committee shall assist the chairman of the Remuneration Committee and ensure that all committee members shall have sufficient information in timely manner to enhance effectiveness of the Remuneration Committee meeting.
14. 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 of the committee meeting.
15. All decisions reached in the meeting must be reported to the Board.