



CHINA MOTOR BUS COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 026)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. Membership

- 1.1 Members of the committee shall be appointed by the board. The committee shall be made up of at least 3 members, the majority of whom shall be independent non-executive directors.
- 1.2 The Managing Director, other directors and external advisers, if any, may be invited to attend all or part of any meeting as and when appropriate.
- 1.3 The board shall appoint the committee chairman who shall be an independent non-executive director. In the absence of the committee chairman, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

The secretary of the committee shall be appointed by the board.

3. Quorum

The quorum necessary for the transaction of business shall be 2.

4. Meetings

The committee shall meet at least once a year and at such other times as the chairman of the committee shall require.

5. Notice of Meetings

Notice of each meeting and agenda shall be forwarded by the secretary of the committee to each member, with copies to other directors, no later than 2 working days before the date of the meeting.

6. Minutes of Meetings

The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance. Minutes of committee meetings shall be circulated promptly to all members of the committee and, unless a conflict of interest exists, to all members of the board.

7. Duties

7.1 The committee shall :-

- (i) Consider the board policy for the remuneration of the company's executive directors and non-executive directors.
- (ii) Make recommendation to the board on the remuneration packages of executive directors and senior management, including, if any, benefit in kind, pension rights and compensation payments, bonus and performance related pay and retirement benefits.
- (iii) Make recommendation to the board on the remuneration of non-executive directors.

7.2 In carrying out its above duties, the committee shall perform an advisory role to the board, with the board retaining the final authority to approve executive director's, non-executive director's and senior management's remuneration.

8. Reporting Responsibilities

The committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

9. Other

The committee shall, from time to time, review its own performance, constitution, terms of reference and recommend any changes it considers necessary to the board for approval.

10. Authority

In connection with its duties the committee shall be authorised by the board to obtain independent professional advice, which it deems necessary, at the company's expense, subject to reasonable budgetary restraints set by the board.

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