

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

Terms of Reference for Remuneration Committee

Establishment

- (1) The board of directors of China Travel International Investment Hong Kong Limited (hereinafter referred to as the 'Company') resolved to establish a remuneration committee (hereinafter referred to as the 'Committee') under the board of directors on 11 April 2005 pursuant to Article 127 of the Articles of Association of the Company.

Membership

- (2) Members of the Committee shall be appointed out of the independent non-executive directors of the Company by the board of directors. The Committee shall comprise a minimum of three members.
- (3) The chairman of the Committee shall be elected by the members of the Committee.
- (4) The Company secretary shall act as the secretary of the Committee and in the absence of Company secretary, the Committee may appoint any other person as the secretary of the Committee in any meeting.

Frequency and procedures of meetings

- (5) The Committee shall meet at least once a year. Additional meetings should be held if the Committee deems necessary and shall so request.
- (6) The chairman of the Committee may convene additional meetings if he/she considers necessary.
- (7) The quorum for decisions of the Committee meeting shall be two members.
- (8) The Committee is authorised to secure the attendance of outsiders with relevant experience and expertise and to obtain independent professional advice from them if it considers necessary, provided that it shall first obtain the approval from the board of directors on the expenses related thereto.

Authority and duties

- (9) The authority and duties Committee shall include the following aspects:
 - (i) to establish a set of guidelines for recruitment of general managers and senior management;

- (ii) to make recommendations to the board of directors on the Company's policy and structure for remuneration of directors and senior management and on the establishment of a formal and transparent policy on such remuneration;
- (iii) to ensure that no director or any of his associates is involved in determining his own remuneration;
- (iv) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the board of directors of the remuneration of non-executive directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment, responsibilities of the directors and employment conditions elsewhere in the group and desirability of performance-based remuneration;
- (v) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the board of directors from time to time;
- (vi) when the occasion arises, to advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under Rule 13.68 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").
- (vii) the Committee shall consult the chairman of the board of directors of the Company and/or general manager about their proposals relating to the remuneration of other executive directors, general manager and/or member of senior management;
- (viii) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- (ix) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (x) to determine criteria of assessment on staff performance by reference to corporate goals;

- (xi) to make recommendations on the performance-based bonus to executive directors, senior management and general staff with reference to the established criteria of assessment and taking into consideration of common practice in the market;
- (xii) the Committee is authorised to obtain professional advice if it considers necessary, provided that it shall first obtain the approval from the board of directors on the expenses related thereto;
- (xiii) the Committee shall fulfill the responsibilities and duties delegated to it by the board of directors; and
- (xiv) the Committee shall take full account of the instructions and rules of the Company and the board of directors, as well as the requirements of relevant laws and regulations.

Reporting procedures

- (10) The Committee shall report its decisions and recommendations to the board of directors in a regular manner. Normally the chairman of the Committee shall report its findings, decisions and recommendations in the board of directors' meeting that immediately follows the Committee's meeting. If the Committee does not fulfill its duties due to restrictions by laws and regulations, such restrictions shall be disclosed by it.
- (11) The secretary of the Committee should prepare reports on the minutes and resolutions of the Committee meetings and to send the same to the Committee members for their comment, and thereafter to give report of it by the chairman of the Committee.

Note: The term 'senior management' should refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16.