



雲南實業控股有限公司
YUNNAN ENTERPRISES HOLDINGS LIMITED

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

(adopted on 14 September 2005 and amended on 17 November 2008)

1 Constitution

- 1.1 The Committee was formed pursuant to the board resolution of the Company passed on 14 September 2005.

2 Membership

- 2.1 Majority of the committee members should be independent non-executive directors.

3 Quorum

- 3.1 Two of the independent non-executive directors

4 Meetings

- 4.1 The meetings and proceedings are governed by the provisions contained in the memorandum of association and by-laws of the Company for regulating meetings and proceedings of Directors.

5 Authority

- 5.1 The Committee is authorised by the board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 5.2 The Committee is authorised by the board to obtain outside legal or other

independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

6 Duties

The Remuneration Committee shall have the following duties

- 6.1 To make recommendations to the board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration.
- 6.2 To have the delegated responsibilities to determine the specific remunerations 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. Factors which should be taken into consideration include but not limited to salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration.
- 6.3 To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the board from time to time.
- 6.4 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.
- 6.5 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.

- 6.6 To make recommendations to the board on the remuneration for non-executive directors.
- 6.7 To ensure that no director or any of his associates is involved in deciding his own remuneration.
- 6.8 To consult the chairman and/or the chief executive officer about their proposals relating to the remuneration of executive directors and have access to professional advice if considered necessary.
- 6.9 To report a summary of the work, including determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts, performed by the remuneration committee during the year in the Corporate Governance Report.
- 6.10 To consider other topics as defined by the board.

Note: "Senior management" should refer to the same category of persons as referred to in the Company's annual report.