



中國航天國際控股有限公司
CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 31)

**Remuneration Committee
Terms of Reference**

Establishment

The Committee is established pursuant to a resolution passed by the Board of Directors of China Aerospace International Holdings Limited (“the Company”) on 28 June 2005.

Membership

Members of the Committee shall be amongst the Non-Executive Directors of the Company of which majority shall be Independent Non-Executive Director.

- Quorum : any two Committee members
Chairman : shall be appointed by the Board and shall be an Independent Non-Executive Director
Secretary : being the Company Secretary

Meetings and proceedings of the Remuneration Committee shall be regulated under the procedure of board meetings as stipulated in the Articles of Association of the Company.

Meeting

1. Meetings shall be held at least once annually and at any other time under the instruction of the Committee Chairman.
2. Meetings may be held by ways of physical attendance, telephone conference, video conference etc. However, mutual and direct communications during the meetings shall be ensured.
3. Resolutions put forward to the meeting shall be passed by majority votes of the attending committee members.
4. Written resolutions being signed by all members of the Remuneration Committee shall be deemed to be as valid and effective as the same as being passed in a physical meeting.
5. According to necessity, the Chairman of the Remuneration Committee may request the attendance of the management, or if necessary, invite the attendance of external professionals with relevant experience and expertise.

Authority

1. The authority of the Committee is authorized by the Board. Therefore, unless constrained by laws or rules and regulations, the Committee shall report its decisions or advices to the Board. Being authorized by the Board, the Committee may consult independent professional opinion if considers necessary.

2. The Company shall ensure the Committee with the provision of adequate resources. The Board also authorizes the Committee to seek legal or other independent professional opinions, if necessary, at the cost of the Company.

Duties

Duties of the Remuneration Committee are as follows :

1. To make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
3. To make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment;
4. To make recommendations to the Board on the remuneration of Non-Executive Directors;
5. To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
6. To review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
7. 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;
8. To ensure that no Director or any of his associates is involved in deciding his own remuneration; and
9. Any other matters so determined by the Board.

Reporting Responsibility

1. The Chairman or any specified member of the Remuneration Committee shall report to the Board of what have been discussed after each Committee meeting.
2. The Chairman or specified member of the Remuneration Committee has the responsibility of attending each general meeting and answer any questions relating to the Committee matter.

Minutes of the meeting

1. The Company Secretary shall circulate minutes of meeting approved by the Committee to all members of the Board.
2. The Company Secretary shall keep all minutes of the meetings.