



MUDAN AUTOMOBILE SHARES COMPANY LIMITED*

牡丹汽車股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8188)

(the "Company")

Remuneration Committee – Terms of Reference

Members

1. The Committee shall have at least 3 members ("Members").
2. All Members shall be appointed and removed by the Board.
3. The majority of the Members shall be Independent non-Executive Directors ("INEDs").
4. The Chairman of the Committee shall be the Chairman of the Board or an INED who shall be appointed by the Board.

Secretary

5. The Company Secretary of the Company shall act as the Secretary of the Committee.
6. The Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary of the Committee.

Meetings

7. The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands.
8. The quorum of a meeting shall be two Members or 50% of the Members who are entitled to vote at the meeting, whichever is the higher.
9. Resolutions of the Committee at any meetings shall be passed by a majority of votes of the Members present.

10. Meetings can be held in person, by telephone or by tele-conferencing or any other telecommunications facility provided that all participants are thereby able to communicate contemporaneously by voice with all other participants.
11. A resolution in writing signed by all the Members shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.
12. The Secretary of the Committee shall keep minutes of all Committee meetings. Draft and final versions of minutes of meetings of the Committee shall be sent to all Members for their comment and record within a reasonable time after each meeting.
13. The Committee may, from time to time, invite the Chairman of the Board, Executive Director, external advisers and/or other persons as may be considered by the Committee to be appropriate to attend all or any part of any meetings, and such invitation(s) shall be coordinated by the Secretary of the Committee. However, only Members are entitled to vote at the meetings.

Annual General Meeting

14. The chairman of the Committee or (if absent) the other member of remuneration committee (must be an INED) should attend the annual general meeting of the Company, handled the shareholders' enquiry on the activities and responsibilities related to the remuneration committee.

Authority

15. The Committee should consult the chairman of the Board and/or the general manager about their remuneration proposals for other executive directors.
16. The Committee is authorized to request the senior management of the Company to provide any required resources information related to the remuneration package to perform its duties.
17. The Committee should have access to independent professional advice in the expense of the Company if necessary, in order to fulfill his responsibility of being the remuneration committee member.

18. The Committee should be provided with sufficient resources to perform its duties.

Duties and Powers

19. The Committee shall have the following duties and powers:

- (i) 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;
- (ii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (iii) to determine, with delegated responsibility, the remuneration package of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payment, including any compensation payable for loss or termination of their office or appointment;
- (iv) to make recommendation to the Board on the remuneration of non-executive directors;
- (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company;
- (vi) 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;
- (vii) 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; and
- (viii) to ensure that no director or any of his associates is involved in deciding his own remuneration.

Reporting Procedures

20. The Committee shall report to the Board of its findings and recommendations.

March, 2012

- End -

** For identification purpose only*