



常茂生物化學工程股份有限公司

Changmao Biochemical Engineering Company Limited*

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

(Stock Code: 8208)

Terms of Reference of Remuneration Committee

(the "Committee")

Membership

- 1 · The Committee member shall be appointed by the board of directors (the "Board") of Changmao Biochemical Engineering Company Limited (the "Company"). There shall be at least three Committee members, majority of them shall be independent non-executive directors. The quorum of a meeting shall be half of the Committee members.
- 2 · Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.
- 3 · The Company Secretary shall act as the Committee's Secretary.

Frequency of meetings

- 4 · Number of meetings shall be at least once annually.

Authority

- 5 · The Committee is authorized by the Board to investigate any activities within its terms of reference with sufficient resources provided by the Company. The Committee is authorised to obtain any necessary information from any employee and all the employees are instructed to cooperate with the Committee to meet its requirement.
- 6 · The Committee is authorised by the Board to obtain external legal or other professional advisory where necessary and invite external professional or parties with relevant experience to attend its meetings.

**For identification purpose only*

Duties

7 · Duties of the Committee is set out below:

- (a) 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;
- (b) to make recommendations to the Board on the remuneration packages of individual 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 on the remuneration of non-executive directors, and to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Company and its subsidiaries;
- (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (d) 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;
- (e) 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
- (f) to ensure that no director or any of his associates is involved in deciding his own remuneration.

Reporting procedures

- 8 · The Committee shall report to the Board on a regular basis. The Committee Secretary shall circulate the minutes and report of the Committee to all the Board members.

March 2012