



**中國汽車內飾集團有限公司**  
**CHINA AUTOMOTIVE INTERIOR DECORATION HOLDINGS LIMITED**  
(the “Company”)

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

**CONSTITUTION AND MEMBERSHIP**

1. The board of the directors (the “Board”) of the Company established the Remuneration Committee (the “Remuneration Committee”) on 13 September 2010.
2. The member(s) (“Member(s)”) of the Remuneration Committee shall be nominated by the board of directors (the “Board”) of the Company and shall comprise of a minimum of two (2) Members. A majority of the Remuneration Committee shall be independent non-executive directors appointed by the Board from time to time.
3. The Chairman of the Remuneration Committee shall be an independent non-executive director nominated by the Board.
4. Subject to 3, if a regular Member is unable to act due to absence, illness or any other cause, the Chairman of the Remuneration Committee may appoint another non-executive director of the Company to serve as an alternate Member. Attendance at Remuneration Committee meetings by an alternate Member should not be counted as attendance by the Member himself.
5. The appointment of Members may be revoked, or additional Members may be appointed to the Remuneration Committee by separate resolutions passed by the Board and by the Remuneration Committee.

**SECRETARY**

1. The Company Secretary (whom failing, a person nominated by the Chairman of the Remuneration Committee) or a duly appointed secretary with appropriate qualification and experience shall be appointed as secretary of the Remuneration Committee and shall attend all of its meetings.

**MEETINGS**

1. The Remuneration Committee shall meet as its business requires and as determined by its Members. The Remuneration Committee will meet at least once a year.

2. Unless otherwise specified by the Board, two Members of the Remuneration Committee with at least one independent non-executive director shall form a quorum. The meetings may be held in person, by telephone or by video conference or by other electronics means of communication which all persons participating in the meeting are capable of hearing each other.
3. The Chairman, the Chief Executive Officer and external advisers may be invited to attend meetings of the Remuneration Committee as and when appropriate. Only Members are entitled to vote at the meetings.
4. 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 Remuneration Committee duly convened and held. Any such resolutions in writing may consist of several documents in like form each signed by one or more of the Members.
5. Minutes shall be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes shall be circulated to all Members for their comment and records respectively, within a reasonable time after the meeting. Such minutes shall be open for Directors' inspection.

#### **AUTHORITY**

1. Specific authority is delegated to the Remuneration Committee to decide on all elements of remuneration of the directors and senior management of the Company.
2. All Members can have access to the advice and services of the Company Secretary who is responsible to the Remuneration Committee for ensuring that Remuneration Committee procedures, and all applicable rules and regulations, are followed.
3. The Remuneration Committee shall have access to sufficient resources to discharge its duties. The Remuneration Committee is authorized by the Board where necessary and reasonable to obtain professional advice at the Company's expense, subject to notifying and obtaining the agreement of the Chairman of the Company.
4. The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Remuneration Committee.
5. The Board may, subject to compliance with the articles of association of the Company and the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, amend, supplement and revoke these terms of reference and any resolution passed by the Remuneration Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Remuneration Committee shall invalidate any prior act and resolution of the Remuneration Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

## DUTIES

The Remuneration Committee shall:

1. make recommendations to the Board on the Company's policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
3. be responsible for making 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. A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance;
4. consult the Chairman and/or Chief Executive Officer of the Company about their proposals relating to the remuneration of other executive directors and senior management;
5. make recommendations to the Board on the remuneration and terms of appointments of non-executive directors;
6. consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group;
7. 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;
8. 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;
9. ensure that no director or any of his associates is involved in deciding his own remuneration;
10. advise shareholders of the Company on how to vote with respect to any service contracts of directors that require shareholders' approval under the Listing Rules;
11. review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and
12. consider other matters, as defined or assigned by the Board from time to time.

## **REPORTING PROCEDURES**

1. The Chairman of the Remuneration Committee shall report to the Board on the general conclusions reached at all of its meetings.

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*In the event of discrepancies between the Chinese and English versions, the English version shall prevail.*