



*(A joint stock limited company incorporated in the People's Republic of China with limited liability on 18 October, 2000.)*

## **Board of Directors of TravelSky Technology Limited**

### **Rules of the Remuneration and Appraisal Committee**

*This English version is a translation of the Chinese version. In case of inconsistencies, the Chinese version shall prevail.*

## Chapter 1 General Provisions

- Article 1 To further establish and improve the system for administering the appraisal and remuneration of directors and senior management personnel of TravelSky Technology Limited (hereinafter referred to as the “**Company**”) and enhance the Company’s corporate governance structure, the Company has specially set up a remuneration and appraisal committee (hereinafter referred to as the “**Committee**”) of the board of directors and has formulated these rules in accordance with the *Company Law of the People’s Republic of China*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (hereinafter referred to as the “**Listing Rules**”), *Corporate Governance Standards for Listed Companies*, the *Articles of Association* of the Company and other relevant regulations.
- Article 2 The Committee is a special body established under the board of directors. The Committee is mainly responsible for setting and implementing the Company’s appraisal standards for its directors and senior management personnel as well as formulating and reviewing the Company’s remuneration policies and plans for directors and senior management personnel. It is accountable to the board of directors.

## Chapter 2 Composition

- Article 3 The Committee shall comprise at least three (3) directors and the majority of its members shall be independent non-executive directors.
- Article 4 Members of the Committee (“members”) shall be nominated by the chairman of the board of directors, more than half (1/2) of the independent non-executive directors or one-third (1/3) of all the directors and shall be elected at the board of directors.
- Article 5 The Committee shall have one (1) senior member (i.e. the chairman). An independent non-executive director, being a member, shall be elected to serve as the senior member who is responsible to preside over the work of the Committee. The senior member shall be appointed by the board of directors.
- Article 6 The Committee shall have one (1) secretary which shall be assumed by the secretary of the board of directors.
- Article 7 The Committee shall have a term of office consistent with that of the board of directors. The term of office of a member is renewable upon re-election. If a member no longer hold the position of director in the Company or a member who should be an independent non-executive director no longer possesses the independence as provided in the

Company's *Articles of Association* during the term of office, he/she shall automatically lose his/her membership. The board of directors shall make arrangements to fill the vacancy in accordance with the aforesaid provisions of Article 3 to Article 6.

Article 8 The Committee shall establish a working group and appoint a group leader to oversee the work. The working group shall be responsible to provide information as required by the Committee in its work and implement relevant resolutions of the Committee.

### **Chapter 3 Responsibilities and Limits of Authority**

Article 9 Main responsibilities and limits of authority of the Committee:

#### **1. Appraisal:**

- (1) examine appraisal standards for directors and senior management personnel and make evaluations and recommendations according to the actual operating conditions of the Company; and
- (2) examine and review remuneration policies and plans for directors and senior management personnel and carry out performance appraisals of them.

#### **2. Remuneration:**

- (1) make recommendation to the board of directors on the policy and structure of the Company for all remuneration of directors and senior management personnel and on the establishment of formal and transparent procedures for developing policy on such remuneration, among which most of the remuneration in the structure for executive directors shall be pegged with the performance of the Company and the director concerned;
- (2) oversee the implementation of the Company's remuneration system;
- (3) determine, as delegated by the board of directors, the specific remuneration packages of all executive directors and senior management personnel, including non-fiscal benefits, pension rights and compensation (including compensation payable for loss or termination of their office or appointment), and make recommendation to the board of directors on the remuneration of non-executive directors; consider factors including salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions of other positions in the Company and its subsidiaries (hereinafter referred to as the

“Group”) and desirability of performance-based remuneration;

- (4) review and approve performance-based remuneration by reference to corporate goals resolved by the board of directors from time to time;
- (5) review and approve the compensation payable to executive directors and senior management personnel 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) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with the relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and
- (7) ensure that no director or any of his/her associates is involved in determining his/her own remuneration.

**3. Review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.**

**4. Other matters delegated by the board of directors.**

Article 10 Powers of the Committee, shall include but shall not be limited to:

- (1) review all recommendations and service contracts to be signed by the directors and senior management personnel and make recommendation to the Company’s human resources department on the change in the terms of such contracts prior to the signing of the relevant contracts;
- (2) consider and provide opinions on the recommendations on the remuneration, bonuses and benefits etc. of directors and other senior personnel;
- (3) require the board of directors to convene a general meeting of shareholders (if applicable) to remove the duties of directors and other employees of the Group where there is evidence or suspicion that the relevant staff is guilty of dereliction of duty; and
- (4) powers which the Committee considers necessary and beneficial for it to discharge the duties provided in Article 9 in a reasonable manner.

- Article 11 The Committee shall consult the chairman of the board of directors and/or general manager on remuneration recommendations of other executive directors and may, if deemed necessary, seek for professional opinion.
- Article 12 The board of directors shall have the right to overrule any remuneration plans or proposals harmful to the interests of shareholders.
- Article 13 Remuneration plans for directors raised by the Committee must be submitted to the general meeting of shareholders for consideration and approval upon the receipt of consent from the board of directors. Proposals on the distribution of remuneration to senior management personnel of the Company must also be submitted to the board of directors for approval.
- Article 14 If a major shareholder or director of the Company is considered by the board of directors to have a significant conflict of interests in the items to be considered at the board of directors, the Committee shall not deal with the relevant item.
- Article 15 The Committee shall report its decisions or recommendations to the board of directors unless the committee is unable to do so due to legal or regulatory restrictions (such as the restriction on disclosure due to regulatory requirements).
- Article 16 The Committee shall receive adequate resources to perform its responsibilities.
- Article 17 The Committee shall make public the scope of its functions and powers and shall explain its roles and powers delegated by the board of directors.

#### **Chapter 4 Decision Making Procedures**

- Article 18 The working group established under the Committee shall be responsible to perform in the preliminary and preparatory work for the Committee's decision making and to provide the Company with the following relevant information:
- (1) provide key financial indicators and the status of accomplishment of business targets;
  - (2) provide the scope of work responsible by senior management personnel and their main duties;
  - (3) provide the status of accomplishment for indicators involved in the job performance appraisal system for directors and senior management personnel;
  - (4) provide the performance of directors and senior management

personnel in respect of their capabilities in business innovations and profit generation; and

- (5) provide the basis for relevant estimations of remuneration plans and distribution methods as proposed according to the performance of the Company.

Article 19 The Committee shall follow these procedures for the appraisal of directors and senior management personnel:

- (1) directors and senior management personnel shall debrief and make a self-evaluation to the Committee;
- (2) the Committee shall carry out performance appraisals of the directors and senior management personnel based upon the performance appraisal standards and procedures; and
- (3) the Committee shall propose the amount of remuneration and rewarding methods for directors and senior management personnel according to the job performance appraisal results and remuneration and distribution policies for voting and approval before submission to the board of directors.

#### **Chapter 5 Provision and Usage of Information at the Committee**

Article 20 The agenda of the Committee's meetings and relevant meeting documents shall be delivered to all members in a timely manner and at least three (3) days in advance of the date of the meeting to be held (or within other period as agreed). All other meetings of the Committee shall also adopt the arrangements referred to above in practical circumstances.

Article 21 (1) The management has the responsibility to provide adequate and timely information to the Committee so that the Committee can make well-informed decisions. Information provided by the management must be complete and reliable. Members shall discharge their duties appropriately and shall not rely on the information provided by the management alone under all circumstances. Occasionally, they shall also be required to make further inquiry on their own. If any member needs other additional information from the management (other than that provided by the management on its own initiative), he/she shall make further inquiry as needed. The Committee and each member shall have access to the Company's senior management personnel on their own separate ways.

(2) Information provided by the management to the Committee referred to in para (1) above shall include the background of the relevant items to be

submitted for consideration at the Committee or explanatory notes, disclosure documents, budgets, forecasts, monthly financial statements and other relevant internal financial statements (if necessary). As for budgets, any significant difference between the forecasts and the actual figures must be disclosed and explained as well.

Article 22 All members shall have the right to review documents and relevant materials of the Committee. The way of compilation and quality of such documents and relevant materials shall enable the Committee to make informed decisions on items submitted to the Committee for consideration. If an issue is raised by a member, the Company must take steps to make the fastest response as fully as possible.

### **Chapter 6 Rules and Procedures**

Article 23 The Committee shall convene a meeting at least once a year. Except with the approval of all members of the Committee, the Committee shall give notice of the relevant meeting to all members seven (7) days before the date of the meeting or earlier. The meeting shall be presided over by the senior member and, where he/she is unable to attend the meeting, he/she may appoint another independent non-executive director to preside over the meeting.

Article 24 Except with the approval of all members of the Committee, the Committee shall give notice of the relevant meeting to all members seven (7) days before the date of the meeting or earlier. The notice of meeting may be delivered to all members of the Committee (based upon the latest phone number, fax number or address provided to the secretary by the member) in person or in writing, or by way of telephone, telegraph, fax or other means as agreed by the members from time to time. The time, venue and agenda of the meeting must be indicated in the notice of meeting and relevant documents must be provided to all members and the secretary for perusal. The documents shall be delivered together with the agenda which shall be delivered together with the notice of meeting (or the confirmation of notification).

Article 25 All members of the Committee shall have the right to submit items for consideration at the Committee. The senior member/secretary of the Committee shall have the responsibility to ensure that the items submitted by members for consideration will be included into the agenda of the Committee's meeting in a timely manner.

Article 26 The meeting shall be held when more than two-third (2/3) of the members of the Committee are present. A member who is unable to attend the meeting may appoint another member to attend the meeting on his/her

behalf or may attend the meeting in writing or by means of communication facilities. Each member shall have one (1) vote (except under circumstances specified in article 30). Resolutions made at the meeting must be passed by a majority of all the attending members.

Article 27 Resolutions of the Committee shall be passed by a show of hands or by voting. The meeting may be convened by means of communication facilities.

Article 28 Parties including but not limited to the directors, supervisors, senior management personnel and working group personnel of the Company, may be invited to attend meetings of the Committee.

Article 29 The Committee may, if necessary, appoint intermediaries to provide professional opinion on its decisions and the expenses incurred shall be borne by the Company. Upon request by committee members, the audit committee shall resolve to seek for and provide independent professional opinion for the members in order to assist the relevant members to fulfill their responsibilities to the Company.

Article 30 When an issue in relation to a member of the Committee or any of his/her associates (as defined in the Listing Rules) is being discussed at the meeting of the Committee, the parties concerned shall abstain from voting in respect of the relevant resolution.

Article 31 The procedures and voting methods of meetings of the Committee as well as the remuneration policies and distribution plans passed at the meetings must comply with relevant laws, regulations, the Company's *Articles of Association* and these rules.

Article 32 The secretary of the Committee shall be mainly responsible for the following work:

- (1) keep minutes of meetings of the Committee;
- (2) make relevant minutes available to any member who has given reasonable notice for his/her inspection at any reasonable time; and
- (3) ensure that all members will be able to obtain the opinion of the secretary of the Committee and to enjoy his/her service with the aim of ensuring compliance with the procedures of the Committee and all applicable regulations and rules.

Article 33 Minutes of the Committee shall be taken in respect of all items considered and resolutions made at the meetings in a sufficient and detailed manner, which shall include any doubts raised or opposing opinions expressed by the members. Complete record must be kept for meetings of the



Committee. Attending members should sign on the meeting minutes. Full minutes of the Committee shall be kept by the secretary of the Committee. The secretary of the Committee shall deliver the draft and final version of the minutes successively to all members of the Committee within a reasonable time after the meeting. The draft is for the members' comments and the final version is for their records.

Article 34 Resolutions and voting results of meetings of the Committee shall be submitted to the board of directors in writing.

Article 35 All members attending meetings of the Committee shall be obliged to keep the items discussed at the meetings confidential and shall not disclose the relevant information to any third parties outside the Company, except in the following circumstances: (i) information approved by resolution of the Committee for announcement; (ii) speeches of the spokesman appointed by resolution of the Committee made on behalf of the Committee; (iii) relevant information provided to the Company's professional advisers (who are generally subject to the duty of confidentiality); or (iv) requirements stipulated by laws, regulations or the authorities and agencies.

#### **Chapter 7 Supplementary Provisions**

Article 36 These rules shall come into effect on the date of approval by the board of directors.

Article 37 Items that have not been mentioned in these rules shall be implemented in accordance with relevant laws and regulations and the Company's *Articles of Association*. Where there is conflict between these rules and the laws and regulations that are to be promulgated by the State in the future or the Company's *Articles of Association* as amended in accordance with legitimate procedures, these rules shall be implemented in accordance with relevant laws and regulations and the Company's *Articles of Association* and the amendments to these rules must be submitted to the board of directors for consideration in a timely manner.

Article 38 Apart from the directors of the Company, other senior management personnel referred to in these rules shall mean management personnel who are recognized by the board of directors and are approved by the general meeting of shareholders in accordance with the provisions of the Company's *Articles of Association* and the business needs of the Company.

Article 39 The right to interpret these rules vests with the board of directors of the Company.