



盛源控股有限公司

SHENG YUAN HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 851)

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE (Passed in a Board of Directors meeting on 31 October 2005)

Functions and Objectives

The Remuneration Committee (the “**Committee**”) is appointed by the board of directors of the Company (the “**Board**”) with a view to:

1. Establishing and applying formal and transparent procedures for setting policy on remuneration for executive directors and senior management, and for fixing the remuneration packages for all directors and senior management; and
2. Ensuring that procedures and principles for fixing packages of all directors and senior management are proper so that the levels of remuneration of directors and senior management commensurate with their qualifications and competencies, and that such remuneration is sufficient to attract and retain the directors and senior management but not excessive.

Composition

The Committee must be formed by a majority of independent non-executive directors and chaired by an independent non-executive director.

Proceedings of Meetings

The Committee shall meet at least once a year and as and when necessary or as requested by any Committee member. The meetings and proceedings of the Committee are governed by the provisions of the Bye-laws of the Company for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by the regulations imposed by the Board.

Duties and Authorities

The authority of the Committee is derived from the Board, therefore the Committee is obliged to report to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions in doing so.

The Committee should consult the chairman and/or chief executive of the Company about their remuneration proposals for other executive directors. The Committee should be provided with sufficient resources to perform its duties. The Committee should have access to independent professional advice if necessary.

The chairman of the Committee, or in the absence of the chairman of the Committee, a member, or failing this his duly appointed delegate, shall attend the annual general meeting of the Company and make himself available to respond to any questions from the shareholders of the Company on the Committee's activities and responsibilities.

The duties of the 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. either: (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or (ii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their 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 group;
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;
9. to review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”); and
10. to advise the shareholders on how to vote in respect of any service contract of director which shall be subject to the approval of shareholders (in accordance with the provisions of Rule 13.68 of the Listing Rules).