

CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

(Revised on 25 June 2012)

Establishment

1. The board of directors (the 'Board') of China Travel International Investment Hong Kong Limited (the 'Company') resolved to establish a remuneration committee (the 'Committee') under the Board on 11 April 2005 pursuant to Article 127 of the Articles of Association of the Company.

Membership

2. The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members, a majority of whom shall be independent non-executive directors. The quorum for a Committee meeting shall be two members.
3. The chairman of the Committee shall be appointed by the Board and must be an independent non-executive director .
4. The Company Secretary shall be the secretary of the Committee.

Frequency of meetings

5. The Committee shall meet at least once a year. Additional meetings should be held as the work of the Committee demands.
6. In addition, the chairman of the Committee may convene additional meetings at his discretion.

Authority

7. The Committee is authorised by the Board to seek appropriate and/or independent professional advice within or outside the group as it considers this necessary. The Committee should consult the chairman of the Board and/or general manager of the Company about their remuneration proposals for other executive directors and/or senior management.

Duties

8. The duties of the Committee shall include:
 - (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 develop remuneration incentive scheme that conforms with market expectation, motivates all levels of management and promotes the enhancement of operational results;
- (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (d) 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;
- (e) to make recommendations to the Board on the remuneration of non-executive directors;
- (f) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (g) 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;
- (h) 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;
- (i) to ensure that no director or any of his associates is involved in deciding his own remuneration;
- (j) determine the criteria for assessing employee performance, which should reflect the Company's business objectives and targets;
- (k) consider the annual performance bonus for executive directors, senior management, and the general staff, having regard to their achievements against the performance criteria and by reference to market norms, and make recommendation to the Board; and
- (l) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.

Reporting procedures

9. The Committee shall report to the Board on a regular basis. At the next Board meeting following a Committee meeting, the chairman of the Committee shall report the findings and recommendations of the Committee to the Board.

Note

- (a) Senior management shall refer to the same category of persons who are required to be disclosed in the Company's annual report pursuant to paragraph 12 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.