



CHINA ENVIRONMENTAL RESOURCES GROUP LIMITED

中國環境資源集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1130)

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

Formation

1. The remuneration committee (“the Committee”) was formed pursuant to the board of directors’ (“the Board”) resolution of China Environmental Resources Group Limited (“the Company”).

Composition and Quorum

2. The Committee members shall be appointed by the Board amongst the directors. A majority of the Committee members should be independent non-executive directors.
3. The Committee shall consist of not less than three members.
4. A quorum of the meetings of the Committee shall be two members.
5. The chairman of the Committee should be independent non-executive director.
6. The meetings and proceedings are governed by the provisions contained in the articles of association of the Company for regulating meetings and proceedings of directors.

Authority

7. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
8. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

9. The duties of the Committee shall be:

- (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 review and approve the management's remuneration proposals with reference to the Board's corporate goals and objections.
- (c) 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.
- (d) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group.
- (e) 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.
- (f) To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they consistent with contractual terms and that are otherwise reasonable and appropriate.
- (g) To make recommendations to the Board on the remuneration for non-executive directors.
- (h) To ensure that no director or any of their associates is involved in deciding that directors' own remuneration.
- (i) To consult the chairman and the chief executive officer about their remuneration proposals for other executive directors and have access to independent professional advice if necessary.
- (j) To review and recommend to the Board matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").
- (k) To 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 or the Listing Rules where appropriate.
- (l) To consider other topics as defined by the Board.

Reporting procedures

- 10.(a) Chairman of the Committee who chair the meetings or other member of the committee who is authorised by the chairman of the Committee to chair the meeting shall report to the Board after each meeting of the Committee.

- 10.(b) Full minutes of the meetings of the Committee should be kept by the secretary of the Company, which should record in sufficient detail the matters considered and decisions reached, including any concerns raised by Committee members or dissenting views expressed. Draft and final versions of minutes of the Committee meetings should be sent to all members of the Committee for their comment and records respectively within a reasonable time after the meeting.

- 10.(c) The secretary of the Committee shall circulate the minutes of meetings of the Committee to all members of the Board.