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**GUOAN INTERNATIONAL LIMITED**  
**TERMS OF REFERENCE OF REMUNERATION COMMITTEE**

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**1 Purpose of the Remuneration Committee (the “Committee”)**

- 1.1 To assist the Board of Directors (the “Board”) of Guoan International Limited (the “Company”) in the following, in accordance with the terms of reference herein:
- 1.1.1 developing fair and transparent procedures for setting policy on executive directors (“EDs”) remuneration;
  - 1.1.2 making recommendations to the Board on the remuneration packages of individual EDs and senior management;
  - 1.1.3 where appropriate, making recommendations on the remuneration of senior managers and, where relevant, other employees of the Group; and
  - 1.1.4 performing other duties and responsibilities as assigned by the Board in relation to the Group’s remuneration and compensation matters.

**2 Authority**

- 2.1 The Committee shall have the following authority within its terms of reference:
- 2.1.1 Obtain advice and assistance from, at the Company’s expense, independent professional advisors or consultants to advise the Committee if it considers the same necessary for it to perform its duties; and
  - 2.1.2 Seek the relevant information it requires from the management and employees for performing its duties.

**3 Composition**

- 3.1 The Committee shall comprise a minimum of three members, with a majority being independent non-executive directors (“INEDs”). INEDs shall meet the independence requirements stated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).
- 3.2 The Chairman of the Committee shall be appointed by the Board and shall be an INED.
- 3.3 The Board may at any time appoint, remove, suspend or replace any member of the Committee at its option by resolution.
- 3.4 Members of the Committee shall be recommended and appointed by the Board, in consultation with the Chairman of the Committee. Each member shall hold office until cessation of his/her appointment as decided by the Board.
- 3.5 Other than its members, the Committee may also invite other members of management, or others which considered appropriate by the Committee, to attend meetings as and when necessary who shall have no voting rights.
- 3.6 In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

**4 Duties and Responsibilities**

- 4.1 The Committee shall make recommendations to the Board on the Group’s policy and structure for all remuneration of directors, senior management and (where it thinks fit) for other employees of the Group and on the establishment of a formal and transparent procedure for developing remuneration policy.

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- 4.2 The Committee shall consult the Chairman of the Board and/or the Chief Executive Officer about their remuneration proposals for other EDs and have access to independent professional advice if necessary.
- 4.3 The Committee shall review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- 4.4 Subject to paragraph 4.9, the Committee shall make recommendations to the Board on the remuneration packages of individual EDs 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).
- 4.5 Subject to paragraph 4.9, the Committee shall make recommendations to the Board on the remuneration of non-executive directors.
- 4.6 When reviewing and making such recommendations, the Committee should consider factors such as:
- 4.6.1 the Group's performance and profitability;
  - 4.6.2 experience, duties, time commitment and responsibilities of directors;
  - 4.6.3 employment conditions elsewhere in the Group;
  - 4.6.4 prevailing conditions in the market;
  - 4.6.5 salaries of comparable positions paid by comparable companies such as those of relevant size and in similar industries; and
  - 4.6.6 desirability of performance-based remuneration.
- 4.7 The Committee shall review and approve compensation payable to EDs 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.
- 4.8 The Committee shall 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.
- 4.9 The Committee shall ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.
- 4.10 The Chairman of the Committee or, in his/her absence, another member of the Committee or failing this, his/her duly appointed delegate as invited by the Chairman of the Board should attend annual general meetings to answer any questions from the shareholders.
- 4.11 The Committee shall consider other topics, as defined and required by the Board from time to time.

**5 Secretary**

- 5.1 The Company Secretary or any member elected by the Committee members shall act as the Secretary of the Committee (the "Secretary").

**6 Quorum and Proceedings**

- 6.1 The quorum necessary for the transaction of business shall be two members of the Committee.
- 6.2 Any members of the Committee or other attendees by invitation may participate in a meeting of the Committee by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting are capable of hearing each other.

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6.3 The meetings and proceedings of the Committee shall be subject to the same provisions contained in the Company's Articles of Association and the Board's policies and proceedings (in so far as the same are not in conflict with the provisions contained in the Articles of Association) for regulating the meetings and proceedings of the Board so far as the same are applicable hereto and are not replaced by or contradict any regulations contained herein.

6.4 A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held and may consist of several documents in like form each signed by one or more of the members of the Committee. An electronic or facsimile message sent by a member of the Committee shall be deemed to be a document signed by him/her for the purposes of this paragraph provided that a manually signed copy thereof shall be produced afterwards.

**7 Meetings**

7.1 The Committee shall meet once at least annually. Additional meetings may be convened as required.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than 3 days before the date of the meeting or such other period of notice as reasonably practicable. Supporting papers shall be sent to Committee members and other attendees as appropriate, no later than 1 day before the meeting or within a reasonably practicable period of time prior to the meeting.

7.3 The Chairman of the Committee shall ensure all members are properly briefed on issues arising at Committee meetings.

7.4 The Secretary shall record the names of those present and in attendance of each Committee meeting as well as fully minute the proceedings and resolutions of all meetings of the Committee including the matters considered by the Committee and decisions reached, including any concerns raised by the Committee members or dissenting views expressed. The Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7.5 Draft and final minutes shall be circulated to all members of the Committee for their comment and records respectively, within a reasonable time after the meeting.

**8 Reporting Procedures**

8.1 The Secretary shall keep and circulate the minutes of the meetings of the Committee to all members of the Board.

8.2 The Committee shall promptly report back to the Board on its decisions and recommendations.

**9 General**

9.1 The Committee shall review and assess the adequacy of these Terms of Reference annually to ensure they are operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

9.2 The Committee shall make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the websites of the Company and The Stock Exchange of Hong Kong Limited.

9.3 The Committee should be provided with sufficient resources to perform its duties.

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9.4 The Company should disclose in its annual report details of any remuneration payable to members of senior management by band.

*Note:*

*For the purposes of these Terms of Reference, “senior management” refers to the same persons referred to in the Company’s annual report and is required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules.*