

Rules of Procedure of the Remuneration and Evaluation Committee of the Board of Directors of China Tourism Group Duty Free Corporation Limited

(Considered and approved by the Board of Directors and the general meeting)

Chapter 1 General Provisions

Article 1 In order to set up and regulate the system and procedures for remuneration and evaluation work of China Tourism Group Duty Free Corporation Limited (the “Company”), the Board of Directors has established the Remuneration and Evaluation Committee (the “Committee”) and formulated these Rules of Procedure in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the relevant regulatory rules of the securities regulatory authority and the stock exchange at the place where the securities of the Company are listed, as well as the Articles of Association of China Tourism Group Duty Free Corporation Limited (the “Articles of Association”), the Rules of Procedure of the Board of Directors of China Tourism Group Duty Free Corporation Limited and other relevant requirements.

Article 2 The Committee is a special working body established under the Board of Directors of the Company, providing consultation or making recommendation in relation to decision-making of the Board of Directors, and it is accountable to the Board of Directors and reports on its work.

Article 3 These Rules of Procedure are applicable to the Committee and the relevant persons and departments involved in these Rules of Procedure.

Chapter 2 Composition of the Committee

Article 4 The Committee shall comprise three to five (3-5) directors, of which the majority of the members shall be independent directors (that is, independent non-executive directors). Members of the Committee shall be nominated by the Chairman of the Board of Directors, and subject to discussion and approval by the Board of Directors.

Article 5 The Committee shall have one chairman, who is a member and an independent director, and is responsible for presiding over committee work. The chairman shall be nominated by the Chairman of the Board of Directors and appointed by the Board of Directors.

Article 6 The term of office of the Committee shall be consistent with the term of office of the same session of the Board of Directors, and the term of office of a member shall be consistent with that of a director of the same session. A member may be re-elected for consecutive appointments upon expiration of his/her term of office. If a member of the Committee ceases to be a director of the Company during his/her term of office, he/she will be automatically disqualified as a member, and the Committee will fill vacancy according to the requirements of these Rules of Procedure.

A member of the Committee may be appointed concurrently to act in positions of other special committees under the Board of Directors provided he/she is competent to perform the duties and responsibilities.

Article 7 A member of the Committee may tender his/her resignation report in writing to the Board of Directors for resignation from his/her position before the expiration of his/her term of office, and the reasons for resignation and any matters that require attention from the Board of Directors of the Company shall be stated with necessary explanation in the resignation report.

Article 8 Change may be made to the members of the Committee during their term of office after discussion and approval by the Board of Directors upon proposal by the Chairman of the Board of Directors.

Article 9 When the number of members in the Committee falls below the required number of members stipulated in these Rules of Procedure, the Board of Directors shall fill the vacancies in accordance with the requirements of these Rules of Procedure.

Chapter 3 Duties and Responsibilities of the Committee

Article 10 The primary duties and responsibilities of the Committee are:

- (1) to formulate remuneration plans or schemes, policies and structures based on the major scope, duties and responsibilities, importance of positions of directors and the senior management as well as the remuneration level of the relevant positions of other related enterprises; to establish formal and transparent procedures to formulate the above remuneration plans or schemes, and make recommendations to the Board of Directors. The above remuneration plans or schemes mainly include but not limited to performance evaluation standards, procedures and major evaluation systems, major schemes and systems of rewards and punishments, etc;
- (2) to review and approve the remuneration proposals of the management with reference to the corporate goals and objectives set by the Board of Directors;
- (3) to determine the remuneration packages of individual executive directors 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) to make recommendations to the Board of Directors on the remuneration of non-executive directors;
- (5) factors that the Committee shall consider include the requirements of relevant laws and regulations, the remuneration paid by similar companies, the time to be devoted by and responsibilities of directors and the senior management, the employment conditions of other positions in the Company and whether the remuneration shall be set based on performance;

- (6) to consider the annual and tenure appraisal target plans and appraisal results for senior management;
- (7) to consider the Company's employee income distribution, benefits and other major systems;
- (8) to supervise and evaluate the effects of the construction and implementation of the evaluation and remuneration systems by the persons-in-charge of the Company's internal departments, branches and subsidiaries (except the person-in-charge of the internal audit department);
- (9) to review and approve the payment of compensation to executive directors and senior management for loss or termination of employment or appointment so as to ensure that such compensation satisfies the contractual terms or, in case the compensation does not conform to contractual terms, is fair and reasonable and no undue burden is placed on the Company;
- (10) to review and approve the compensation arrangements in relation to the dismissal or removal of directors as a result of misconduct so as to ensure that such arrangements satisfies the contractual terms or is otherwise reasonable and appropriate;
- (11) to ensure that no director or any of his/her associates (as defined in the Hong Kong Listing Rules) is involved in determining his/her own remuneration;
- (12) other duties and powers as conferred by laws, regulations, departmental rules, relevant regulatory rules of the securities regulatory authority and the stock exchange at the place where the securities of the Company are listed, these Rules of Procedure and the Board of Directors.

The Committee may, if necessary, engage an external expert or intermediary agency to provide professional consulting services to it.

Article 11 Duties of the chairman of the Committee are:

- (1) to convene and preside over meetings of the Committee;
- (2) to supervise and inspect the work of the Committee;
- (3) to sign relevant documents of the Committee;
- (4) to report to the Board of Directors of the Company on the work of the Committee;
- (5) to perform other duties and responsibilities as required or conferred by laws, administrative regulations, relevant regulatory rules of the securities regulatory authority and the stock exchange at the place where the securities of the Company are listed, these Rules of Procedure and the Board of Directors.

Article 12 Rights and obligations of the members of the Committee are as follows:

- (1) to attend meetings of the Committee as scheduled, express opinions on matters for discussion at the meetings, and exercise voting rights;
- (2) to suggest topics for discussion at the meetings of the Committee;
- (3) to attend or sit-in the relevant meetings of the Company as audience and conduct investigative studies and obtain the required relevant information, such as reports, documents and information, for the purpose of performing duties;
- (4) to fully understand the duties and responsibilities of the Committee and his/her own duties as a member of the Committee, familiarize with the operation and management conditions, business activities and development status of the Company relating to his/her duties, ensure his/her capabilities in performing his/her duties;
- (5) to provide full assurance for the working time and efforts required to perform his/her duties;
- (6) to perform other duties and responsibilities as required or conferred by laws, administrative regulations, relevant regulatory rules of the securities regulatory authority and the stock exchange at the place where the securities of the Company are listed, these Rules of Procedure and the Board of Directors.

Article 13 The Committee is accountable to the Board of Directors, and proposals from the Committee shall be submitted to the Board of Directors for consideration and decision.

Chapter 4 Meetings of the Committee

Article 14 The Committee may convene extraordinary meetings on irregular basis according to its needs. The Committee may convene an extraordinary meeting under any of the following circumstances:

- (1) when it is necessary in the opinion of the Board of Directors;
- (2) when it is necessary in the opinion of the chairman of the Committee;
- (3) when proposed by more than two (2) members.

Article 15 The Office of the Board of Directors shall be responsible for duly delivering the notice of meeting by hand, by fax, by email or by other means to all members of the Committee and the relevant persons invited to attend the meeting as audience five (5) days prior to the date of convening the meeting. But under special or emergency circumstances, the aforementioned notice period for convening an extraordinary meeting may be exempted. The contents of the notice of meeting shall include the method, time, venue and agenda for convening a meeting, the issue date of the notice and the relevant information.

Article 16 After the members of the Committee have received the notice of meeting, they shall acknowledge receipt on a timely basis through an appropriate method, and feedback with the relevant information (including but not limited to whether he/she will attend the meeting, the arrangement of itinerary, etc.).

Article 17 The members of the Committee shall attend the meeting in person. If a member is unable to attend a meeting in person, he/she may submit an authorization letter signed by him/her to appoint another member of the Committee to attend the meeting on his/her behalf to express opinions. The authorization letter shall state clearly the scope and period of authorization. Each member shall not accept authorizations from more than two(2) members at the same time.

If a member, who is independent director, is unable to attend the meeting in person for some reasons, he/she shall authorize another member who is also an independent director to attend on his/her behalf.

The authorized member who attends the meeting on behalf of another member shall exercise the rights within the scope of authorization. If a member is unable to attend the meeting of the Committee in person, but has not authorized another member to exercise his/her rights on his/her behalf, and has not submitted any opinions in writing prior to the meeting, he/she will be deemed to have abstained from exercising his/her rights.

If a member is unable to attend a meeting in person, he/she may submit opinions in writing with respect to the matters on the agenda to exercise his/her rights. But the opinions in writing shall be submitted to the Office of the Board of Directors the latest before convening the meeting.

Article 18 If a member of the Committee fails to attend the meetings of the Committee in person for two times consecutively, and does not appoint other members as representative nor submit any opinions in writing before the meetings, or if the number of meetings of the Committee that a member has attended in person within a year is less than three-fourths, such member will be deemed to have failed in performing his/her duties, the Board of Directors may adjust the members of the Committee according to these Rules of Procedure.

Article 19 A meeting of the Committee shall be convened when more than two-thirds of the members are present; each member has one vote; and a resolution made by the meeting shall be passed by more than half of all members. A meeting shall be presided by the chairman of the Committee, and if the chairman of the Committee is unable to attend the meeting, another member who is an independent director may be authorized to chair the meeting.

Article 20 When a discussion is conducted at the meeting of the Committee to study the matters on the agenda of the meeting, members of the Committee shall express their own opinions clearly, independently and sufficiently based on their own judgement; and if unanimous opinions cannot be reached, it shall be recorded in the meeting summary for submission to the Board of Directors.

Article 21 Meetings of the Committee shall be convened in the form of physical meetings. Under special circumstances, to ensure that the members of the Committee will be able to express their opinions sufficiently, upon consent given by the chairman of the Committee, the meeting may be convened through communication means.

Article 22 If necessary, the Committee may invite directors of the Company, relevant senior management officers, the relevant experts of the Company or experts and academics in society, as well as intermediaries and relevant persons to attend the meeting as audience. Persons who attend the meeting as audience shall give explanation and presentation as requested by the members of the Committee.

Article 23 If a member of the Committee is interested in the matters to be discussed at the meeting of the Committee, such members shall abstain from attending the meeting.

Article 24 All persons who are attending a meeting are obliged to keep confidential all the matters which have been considered at the meeting, and they are forbidden to disclose any related information without authorization.

Chapter 5 Working Organization of the Committee

Article 25 The Secretary to the Board of Directors shall be responsible for organizing and coordinating the Committee to work with various relevant departments.

Article 26 The human resources department of the Company is the working organization of the Remuneration and Evaluation Committee, whose person-in-charge shall act concurrently as the secretary to the Committee. The Office of the Board of Directors of the Company and the relevant departments of the Company shall cooperate with each other to complete the relevant tasks of the Committee together.

Article 27 The Office of the Board of Directors shall be responsible for the preparation and issue of notice of meetings and other committee affairs.

The human resources department and the financial management department of the Company shall be responsible for preparing and providing relevant information relating to the matters on the agenda for the meeting, and are also responsible for communication with the relevant departments (including the relevant experts of the Company, or experts and academics in society, and intermediaries engaged by the Committee in the process of consideration at the meeting).

The human resources department and the financial management department of the Company shall be responsible for formulating the relevant working system and procedures for the provision of services by the Committee according to the duties and responsibilities of the Committee.

The relevant functional departments of the Company shall be responsible for providing services to the Committee to support and cooperate with the work of the Office of the Board of Directors, as well as the human resources department and the financial management department.

Chapter 6 Minutes of Meeting and Meeting Summary of the Committee

Article 28 Minutes of meeting shall be compiled for the meetings of the Committee. The minutes of meeting shall be prepared by the secretary to the Committee, and shall include the following contents:

- (1) the serial number of the meeting and the method, date, venue of convening the meeting and the name of the person who chairs the meeting;
- (2) the persons who are present at the meeting, absent from the meeting and whose authorized representatives attend the meeting;
- (3) the names and positions of the persons who attend the meeting as audience;
- (4) the agenda of the meeting;
- (5) the main points of speech of the members and the relevant persons attending the meeting as audience;
- (6) the name of the person who compiles the minutes of meeting;
- (7) the minutes of meeting shall also specify the abstention from voting by members with conflicts of interest (if any).

Members who are present at the meeting shall sign their names on the minutes of meeting of the Committee. The minutes of meeting shall be delivered to all members of the Committee within reasonable time after the meeting for seeking their comments.

Article 29 After convening a meeting of the Committee, the secretary to the Committee shall be responsible for preparing the meeting summary for the Committee according to the studies and discussions conducted at the meeting.

Article 30 The minutes of meeting, meeting summary, authorization letter, written opinions of members and other meeting materials arising from the meetings of the Committee shall be kept by the Office of the Board of Directors in accordance with the relevant filing management system of the Company.

Chapter 7 Supplemental Provisions

Article 31 Unless specified otherwise, the terms used in these Rules of Procedure shall have the same meanings as those used in the Articles of Association.

Article 32 These Rules of Procedure and their amendments are formulated, considered and approved by the Board of Directors, and shall be effective and implemented from the date of public issuance of H Shares of the Company and listing on the Hong Kong Stock Exchange. Commencing from the date on which these Rules of Procedure become effective, the original Rules of Procedure of the Remuneration and Evaluation Committee of the Board of Directors of the Company shall lapse automatically.

Article 33 Any matters not provided in these Rules of Procedure shall be executed in accordance with the relevant national laws, regulations, departmental rules, the relevant regulatory rules of the securities regulatory authority and the stock exchange at the place where the securities of the Company are listed and the provisions of the Articles of Association.

If these Rules of Procedure have conflicts with the national laws and regulations promulgated in future, departmental rules, the relevant regulatory rules of the securities regulatory authority and the stock exchange at the place where the securities of the Company are listed, and the amended Articles of Association in compliance with legal procedure, the provisions of the relevant laws, regulations and Articles of Association shall prevail, and these Rules of Procedure will be amended accordingly for consideration and approval by the Board of Directors.

Article 34 The Board of Directors of the Company shall have the rights of interpretation and amendment of these Rules of Procedure.

Article 35 These Rules of Procedure are compiled in English and Chinese versions, and if any discrepancy arises between the English and the Chinese versions, the Chinese version shall prevail.