



洛阳玻璃股份有限公司

LUOYANG GLASS COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1108)

IMPLEMENTATION RULES FOR THE REMUNERATION AND REVIEW COMMITTEE UNDER THE BOARD OF DIRECTORS

(Revised, considered and approved on 27 March 2012)

Chapter 1 General Rules

Article 1 These Implementation Rules for the Remuneration and Review Committee (“Committee”) under the Board of Directors are formulated in accordance with the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Listing Rules”), the Company’s Articles of Association and other relevant provisions for the purposes of perfecting the remuneration and appraisal management for the Company’s Directors and senior management and improving the Company’s corporate governance structure.

Article 2 The Remuneration and Review Committee is a special working committee established by the Board of Directors which is mainly responsible for studying and recommending performance appraisal proposals of the Company’s Directors and senior management and formulating and proposing to the Board of Directors on remuneration policies and plans for them. The Committee shall be accountable to the Board.

Article 3 The Directors mentioned herein refer to all the members of the Board of Directors; and senior management refer to the general manager, deputy general manager, chief financial officer and the secretary to the Board of Directors appointed by the Board of Directors as well as other senior management proposed by the general manager and to be recognized by the Board of Directors.

Chapter 2 Composition

Article 4 The Remuneration and Review Committee shall comprise three Directors, and a majority of independent Directors.

Article 5 The members of Remuneration and Review Committee shall be nominated by chairman of the Board of Directors, more than half of the independent Directors or at least one third of the entire Board of Directors and then elected by the Board of Directors.

Article 6 The Remuneration and Review Committee is set with a chairman (i.e. the convener), which shall be an independent director and preside over the Committee's work. The chairman shall be elected from the Committee's members and be reported to the Board of Directors for approval.

Article 7 The term of office of the Remuneration and Review Committee shall be consistent with that of the Board of Directors. Members of the Committee can be re-elected upon expiry of his term. If a member no longer serve as the Company's director during the period, he/she shall automatically lose the qualifications to be member of the Committee. The vacancy shall be filled by the Committee in accordance with the preceding provisions of Articles 4 to 6.

Chapter 3 Terms of Reference

Article 8 The Remuneration and Review Committee's terms of reference include but not limited to the following:

- (1) to request data or information from the Company's management, subordinated units or employees within the scope of its duties, in order to perform the Committee's duties.
- (2) to make recommendations to the Board of Directors on the Company's policy and structure for all Directors and senior management remuneration and on establishment of a formal and transparent procedure for developing remuneration policy;
- (3) to review and approve the management's compensation proposals with reference to board's corporate goals and objectives;
- (4) to determine the remuneration packages of individual executive Directors and senior management with authorization granted by the Board of Directors; or to make recommendation to the Board on remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payment (including compensation payable for loss or termination of their office or appointment);
- (5) to consult the chairman of the Board of Directors or the general manager in respect to compensation proposed for other executive Directors, and seek independent professional opinions if necessary;
- (6) to make recommendations to the Board of Directors on the remuneration of non-executive Directors;
- (7) to consider salaries paid by comparable companies, time commitment and responsibilities, and the employment conditions elsewhere in the Company;
- (8) 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 relevant contractual terms, and is otherwise fair and not excessive;

- (9) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with relevant contractual terms and otherwise reasonable and appropriate;
- (10) to ensure no director or any of his associates is involved in deciding his/her own remuneration;
- (11) to review the performance of duty on the part of Directors (non-independent Directors) and senior management and undertake annual performance appraisal;
- (12) to monitor the implementation of the Company's remuneration plans;
- (13) other matters authorized by the Board of Directors.

Article 9 The Board of Directors has the right to veto remuneration plans or programs which impair the shareholders' interest.

Article 10 The remuneration plans for Directors proposed by the Remuneration and Review Committee shall first be approved by the Board of Directors and then be considered and approved by the general meeting before being enforced. The compensation plans for senior management shall also be approved by the Board of Directors.

Article 4 Decision-making Procedures

Article 11 In order to make preliminary preparation for its decision making process, the Remuneration and Review Committee shall collect or relevant departments of the Company shall provide relevant information, including but not limited to the following: (1) To provide information on fulfillment by the Company of its major financial indicators and business targets; (2) To provide the scope of work responsible by senior management of the Company and their main duties; (3) To provide the status of accomplishment for indicators involved in the job performance appraisal system for Directors and senior management; (4) To provide the performance of Directors and senior management personnel in respect of their capabilities in business innovations and profit generation; (5) To provide the basis for relevant estimations of remuneration plans and distribution methods as proposed according to the performance of the Company.

Article 12 The performance appraisal procedures for Directors and senior management of the Remuneration and Review Committee are as follows: (1) Directors and senior management shall report their work and make self-appraisals to the Remuneration and Review Committee; (2) The Remuneration and Review Committee shall, based on corporate strategies and objectives, conduct performance appraisals of the Directors and senior management personnel according to its established procedures; and (3) The Remuneration and Review Committee shall propose the amount of remuneration and method of award or penalty for Directors and senior management personnel based on the results of work performance appraisal and according to the remuneration and distribution policies and, after a voting in its favour, report the same to the Board of the Company.

Chapter 5 Rules of Procedure

Article 13 The Remuneration and Review Committee shall convene at least one meeting every year. The notice of a meeting shall be given to all members of the

Committee seven days before the holding of the meeting. The meeting shall be presided over by the chairman of the Committee; if the chairman is not able to attend the meeting, he/she may appoint another member (independent director) to preside over the meeting.

Article 14 The meeting of the Remuneration and Review Committee shall only be only with the presence of more than two-thirds of the members. Each member of the Committee shall have one vote; and resolutions of the Committee must be adopted by the affirmative votes of more than half of the Committee's members.

Article 15 The Remuneration and Review Committee shall vote by show of hand or by poll; in an interim meeting, however, the vote may be cast by correspondence.

Article 16 The Remuneration and Review Committee may invite Directors, supervisors and senior management to observe its meeting when necessary.

Article 17 The Remuneration and Review Committee may, for its decisions, seek professional opinions from intermediary agencies when necessary, and the expenses so incurred to be borne by the Company.

Article 18 When any subject in relation to a member of the Committee is to be discussed at a meeting of the Remuneration and Review Committee, the party concerned shall abstain from voting.

Article 19 The procedures and voting methods of and remuneration policies and distribution plans adopted by the Remuneration and Review Committee's meeting shall comply with provisions of relevant laws and regulations, the Company's Articles of Association and these Implementation Rules.

Article 20 The meeting of the Remuneration and Review Committee shall be recorded. The draft and final minutes of the meeting shall be sent to all the members of the Committee within a reasonable period of time after the meeting. The draft minute shall be sent for the Committee's members to form opinions and the final one for record purpose. The minutes of such meeting shall be kept by secretary to the Board of Directors.

Article 21 Resolutions passed and the results of poll taken at the meeting of the Remuneration and Review Committee shall be reported in writing to the Board of Directors.

Article 22 All members attending the meeting of the Remuneration and Review Committee shall be obliged to keep matters discussed at the meeting confidential and shall not disclose the relevant information.

Chapter 6 Supplementary Provisions

Article 23 These Implementation Rules shall become effective from the date of consideration and approval by the Board of Directors.

Article 24 Matters not governed by these Implementation Rules shall be implemented in accordance with the provisions of relevant laws and regulations in China and the Company's Articles of Association. Where there is a conflict between the Implementation Rules and future laws or regulations to be promulgated by China or the Company's Articles of Association as amended in accordance with legitimate procedure, the laws and regulations so issued in China and the Articles of Association so amended as well as other relevant requirements shall prevail. In these circumstances, these Implementation Rules shall be amended accordingly and then submitted to the Board of Directors for consideration and approval in a timely manner.

Article 25 The right to interpret these Implementation Rules shall be vested in the Board of Directors.

These Rules have both Chinese and English versions, the English version is for reference only. Should there be any discrepancy between the two versions, the Chinese version shall always prevail.