



**中裕燃氣控股有限公司**  
**ZHONGYU GAS HOLDINGS LIMITED**  
(the “Company”)

**REMUNERATION COMMITTEE**  
(the “Committee”)

**TERMS OF REFERENCE**

(Adopted on 28 October 2005 with the last revision approved by the Board effective on 11 July 2012)

**Membership**

1. The Committee shall consist of three independent non-executive directors of the Company (the “Directors”) appointed by the board of directors (“the Board”) from time to time.
2. The Board shall nominate one of the members as the chairman of the Committee.
3. The Head of Human Resources Department or a nominee shall act as the Secretary of the Committee.

**Frequency and proceedings of meetings**

4. The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands.
5. The chairman of the Committee may convene additional meetings at his discretion.
6. The quorum of the Committee meeting shall be 2 members.
7. The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants to advise its members.
8. The provisions in the Articles of Association of the Company regulating the meetings and proceedings of the Board shall apply to the meetings and proceedings of the Committee so far as the same are applicable and are not replaced by the provisions in these terms of reference.

**Authority**

9. The Committee is authorised by the Board to seek any necessary information which is within the Committee’s scope of duties from the employees of the Group (including members of the Board).

10. The Committee is authorised by the Board to consult the Chairman and/or chief executive about their remuneration proposals for other executive Directors.
11. The Committee is authorised by the Board to be provided with sufficient resources to perform its duties, including having access to independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary or desirable.

### **Duties, powers and functions**

12. The duties of the Committee shall include, but shall not be limited to the following:
  - (a) formulate remuneration policy for approval by the Board, which shall take into consideration salaries paid by comparable companies, employment conditions elsewhere in the Group, time commitment and responsibilities, and individual performance of the Directors, senior management, and the general staff. Performance shall be measured against corporate goals and objectives resolved by the Board from time to time; and implement the remuneration policy laid down by the Board;
  - (b) without prejudice to the generality of the foregoing:
    - (i) to make recommendations to the Board on the Group's policy and structure for all Directors' (including Non-executive Directors, and the Chief Executive as an ex-officio member) and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
    - (ii) to ensure that no Director or any of his associates is involved in deciding his own remuneration;
    - (iii) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights, compensation payments (including any compensation payable for loss or termination of their office or appointment).
    - (iv) to make recommendations to the Board on the remuneration of non-executive Directors;
    - (v) 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;

- (vi) 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;
- (vii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- (viii) to 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.

### **Reporting Procedures**

10. The Committee shall report to the Board (without prejudice to the generality of the duties of the Committee as set out in these terms of reference) and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

#### *Note*

- (a) *Senior management shall include the Chief Operating Officer, Deputy Chief Operating Officer, and Executive Vice Presidents.*
- (b) *The Chinese version of this document is for reference only. In the event of any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.*

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