



**中國基礎能源控股有限公司**  
**China Primary Energy Holdings Limited**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8117)**

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**  
*(Adopted by China Primary Energy Holdings Limited (the “Company”) pursuant to the board resolutions passed on 1 June 2005 and amended and restated pursuant to the board resolutions on 12 July 2016)*

**1. CONSTITUTION**

- 1.1 The board (the “**Board**”) of directors (the “**Directors**”) of the Company established a committee of the Board known as the remuneration committee (the “**Committee**”).

**2. MEMBERSHIP**

- 2.1 The members of the Committee shall be appointed by the Board and shall consist of at least three members, a majority of whom shall be independent non-executive Directors.
- 2.2 The chairman of the Committee shall be appointed by the Board and must be an independent non-executive Director.

**3. QUORUM**

- 3.1 The quorum necessary for the transaction of the business of the Committee shall be two members of the Committee of which at least one should be independent non-executive Director.

**4. SECRETARY**

- 4.1 The company secretary of the Company shall be the secretary (the “**Secretary**”) of the Committee. In the absence of the Secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Committee, shall attend the meeting and take minutes.

**5. AUTHORITY**

- 5.1 The Committee shall report directly to the Board and shall, where appropriate, consult the chairman of the Company for any clarification on their proposal relating to the remuneration of executive Directors and senior management.

- 5.2 The Committee is authorised to obtain outside independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it consider necessary.
- 5.3 The Committee shall be provided with sufficient resources to discharge its duties.

## **6. POWERS AND DUTIES**

The duties of the Committee shall be include the following aspects:

- 6.1 to make recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.
- 6.2 to determine the specific remuneration packages of all 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, and make recommendations to the Board of the remuneration of non-executive Directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the group and desirability of performance-based remuneration.
- 6.3 to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.
- 6.4 to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.
- 6.5 to review and approve the compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.
- 6.6 to ensure that no Director or any of his associates is involved in deciding his own remuneration.
- 6.7 when the occasion arises, to advise shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under the Listing Rules.

- 6.8 Directors' fees and any other reimbursement or emolument payable to a Director must be disclosed in full in the annual reports and accounts of the Company on an individual and named basis.

## **7. FREQUENCY OF MEETINGS**

- 7.1 Meeting shall be held not less than once a year. Additional meeting should be held if the Committee shall so request.

## **8. NOTICE OF MEETINGS**

- 8.1 A meeting of the Committee may be convened by any of its members or by the Secretary.
- 8.2 Notice of meetings shall be given to all members of the Committee at least 2 working days before the meeting, unless all members unanimously waive such notice.
- 8.3 Agenda and accompanying supporting papers shall be sent to all members of the Committee and to other attendees as appropriate at least 2 working days before the date of the meeting (or such other period as the members may agree).

## **9. REPORTING PROCEDURES**

- 9.1 Proper minutes of the Committee meetings shall be kept by the Secretary and shall be open for inspection by any Director at any reasonable time on reasonable notice by the Director.
- 9.2 Minutes of the Committee meetings shall record in sufficient details the matters considered by the Committee and decision reached, including any concerns raised by the Committee members or dissenting view.
- 9.3 The Secretary should keep full minutes of all Committee meetings. Draft and final versions of minutes of the Committee meetings should be sent to all members for their comments and records respectively, in both cases within a reasonable time after the meeting.

*Note: If there is any inconsistency between the English and Chinese versions of this terms of reference, the English version shall prevail.*