



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 1 April 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 a 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. Proceedings of meetings of the Committee shall be governed by the provisions of Articles 61-65 of the Articles of Association of the Company.

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 obtain 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 still not be limited to the following:
 - (a) formulate remuneration policy for approval by the Board, which shall take into consideration factors such as salaries paid by comparable companies, employment conditions, 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) recommend to the Board the policy and structure for the remuneration of Directors (including Non-executive Directors, and the Chief Executive as an ex-officio member) and senior management whilst ensuring no director or any of his associates is involved in deciding his own remuneration;
 - (ii) determine the remuneration packages of Executive Directors (including the Chief Executive who is an ex-officio member) and senior management, including benefits in kind, pension right, compensation payment (including compensation for loss of office or appointment etc). The Chairman and/or the Chief Executive shall be consulted respectively about their proposals relating to the remuneration of the Chief Executive and/or senior management, as the case may be;
 - (iii) review and approve the compensation arrangements in connection with any loss or termination of their office or appointment, or dismissal or removal for misconduct to executive directors and senior management which shall be fair and not excessive;
 - (iv) to review and approve the management's remuneration proposals with reference to the Company's business objectives and targets; and
 - (v) 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 this 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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