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Zhonghua Gas Holdings Limited
(中華燃氣控股有限公司)

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8246)

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

1. CONSTITUTION

- 1.1 The terms of reference of remuneration committee is adopted pursuant to a resolution passed by the Board on 12 December 2011.
- 1.2 These terms of reference had been amended by the Board.

2. COMMITTEE COMPOSITION

- 2.1 Members of the Remuneration Committee (the “**Members**”) shall be appointed by the board of directors (the “**Board**”) of the Company.
- 2.2 The chairman of the Remuneration Committee shall be appointed by the Board and must be an independent non-executive director (the “**INED**”).
- 2.3 The majority of the Members must be the INEDs.

3. SECRETARY

The company secretary shall be the secretary of the Remuneration Committee. In the absence of the company secretary, his/her delegate(s) or any person elected by the Members present at the meeting of the Remuneration Committee, shall attend the meeting of the Remuneration Committee and take minutes.

4. PROCEEDINGS OF THE REMUNERATION COMMITTEE

Unless otherwise specified hereunder, the provisions contained in the Company's Articles of Association (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Remuneration Committee.

4.1 Quorum

4.1.1 The quorum for meetings of the Remuneration Committee shall be any two Members.

4.2 Frequency of meetings

4.2.1 The Remuneration Committee shall hold at least one regular meeting in a year. Additional meetings of the Remuneration Committee may be held whenever a Member deems necessary.

4.3 Attendance at meetings

4.3.1 Members may attend meetings of the Remuneration Committee either in person or through other electronic means of communication or in such other manner as the Members may agree.

4.3.2 Other directors, company secretary and relevant senior management and persons(s) invited by a Member shall normally attend meetings of the Remuneration Committee.

4.4 Notice of meetings

4.4.1 A meeting of the Remuneration Committee may be convened by any of its Members or by the company secretary.

4.4.2 Unless otherwise agreed by all Members, notice of at least 7 days shall be given for a regular meeting of the Remuneration Committee. For all other meetings of the Remuneration Committee, reasonable notice shall be given.

4.4.3 Agenda and accompanying supporting papers shall be sent to all Members and to other attendees as appropriate at least 1 day before the date of the meeting (or such other period as the Members may agree).

4.5 Minutes and resolutions

4.5.1 Draft and final versions of minutes of Remuneration Committee meetings shall be sent to all Members for their comment and records within a reasonable time after the meeting.

4.5.2 Minutes of the Remuneration Committee shall be kept by the company secretary and shall be available for inspection by any Member or any member of the Board at any reasonable time on reasonable notice.

4.5.3 Without prejudice to any requirement under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), written resolution may be passed and adopted by all Members.

5. DUTIES AND RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

5.1 The duties and responsibilities of the Remuneration Committee shall include those set out in the relevant code provisions of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 15 of the GEM Listing Rules (as amended from time to time).

5.2 Without prejudice to any requirement under the CG Code, the duties of the Remuneration Committee include the following:

5.2.1 To make recommendations to the Board on the Company’s policy and structure for all directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

5.2.2 To review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives.

5.2.3 To make recommendation or determine the remuneration packages (including benefits in kind, pension rights and compensation payments) of individual executive directors and senior management.

- 5.2.4 To make recommendations to the Board on the remuneration of non-executive directors.
- 5.2.5 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.
- 5.2.6 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 that are otherwise reasonable and appropriate.
- 5.2.7 To ensure that no director or any of his associates is involved in deciding his own remuneration.
- 5.2.8 To review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules.

6. REPORTING RESPONSIBILITIES

The Remuneration Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

7. ANNUAL GENERAL MEETING

The chairman of the Remuneration Committee or in his absence, another Member or failing this, his duly appointed delegate, shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the Annual General Meeting on the Remuneration Committee's work and responsibilities.

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