

# **YCIH Green High-Performance Concrete Company Limited**

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

## **WORK RULES FOR THE REMUNERATION AND EVALUATION COMMITTEE OF THE BOARD OF DIRECTORS**

### **CHAPTER 1 GENERAL PROVISIONS**

**Article 1** In order to ensure the effective operation of the corporate governance structure of YCIH Green High-Performance Concrete Company Limited (the “**Company**”), define the duties and powers of the Remuneration and Evaluation Committee (the “**Committee**”) of the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company, standardize the decision-making procedures of the Committee, and strengthen the management of Directors and senior management, these Work Rules are formulated in accordance with the Guidelines for Corporate Governance of Listed Companies issued by the China Securities Regulatory Commission, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the articles of association of the Company (the “**Articles of Association**”), the Rules of Procedure for the Board (the “**Rules of Procedure for the Board**”) and other relevant regulations.

**Article 2** The Committee, as a special committee under the Board, shall be accountable to the Board and make recommendations or advice and report its work to the Board within the scope of its duties and powers.

**Article 3** The Board Office serves as the day-to-day working body of the Committee and is responsible for the daily affairs of the Committee.

**Article 4** The “senior management” referred to herein has the same meaning as “senior management” as defined in the Articles of Association, which includes general manager, deputy general managers, chief engineer, chief economist, chief financial officer and secretary of the Board appointed by the Board.

### **CHAPTER 2 COMMITTEE COMPOSITION AND DUTIES AND AUTHORITIES**

**Article 5** The Committee shall consist of at least three Directors, a majority of whom shall be independent non-executive Directors. The members of the Committee shall be elected by the Board.

**Article 6** The term of office of the members of the Committee shall commence from the date of election by the Board as members until the expiry of the term of the same session of the Board or the date of cessation of membership, whichever is earlier. The members are eligible to re-election upon expiry of their term of office.

If no re-election is timely carried out upon the expiry of a member's term of office, or the number of members of the Committee falls below the minimum number as prescribed herein due to the resignation of a member during his/her term of office, the original members shall still perform their duties in accordance with laws, administrative regulations, the Articles of Association and these Work Rules until the newly elected member takes his/her position.

If any member ceases to be a Director or no longer qualifies as an independent non-executive Director, he/she shall automatically lose his/her membership in the Committee.

**Article 7** The main duties, powers and obligations of the members of the Committee include:

- (I) to attend meetings of the Committee on time according to these Work Rules, express recommendations or advice on the matters discussed at the meetings;
- (II) to propose matters for discussion at the meetings of the Committee;
- (III) to attend relevant meetings of the Company as observers, conduct investigations and obtain necessary reports, documents, materials and other relevant information for the performance of their duties;
- (IV) to fully understand the duties of the Committee and their duties as members of the Committee, familiarize themselves with the Company's operations and management, business activities and developments in relation to their duties, and ensure their ability to perform duties;
- (V) to devote enough time and energy to performing their duties;
- (VI) other duties, powers and obligations specified in these Work Rules.

**Article 8** The Committee shall have a chairman, who shall be appointed by the Board among the members who are independent non-executive Directors. The chairman shall be responsible for convening and presiding over the meetings of the Committee and leading the daily operation of the Committee. The duties and powers of the chairman include:

- (I) to propose the convening of meetings of the Committee;
- (II) to preside over meetings of the Committee;
- (III) to form clear and unequivocal recommendations or advice on every proposal discussed by the Committee;
- (IV) to report to the Board on behalf of the Committee;
- (V) other duties and powers specified in these Work Rules.

**Article 9** The main duties and powers of the Committee include:

- (I) to make recommendations to the Board on the policy and structure for all Directors and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (II) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (III) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including 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 consider factors such as salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company;
- (VI) 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 it is consistent with contractual terms and that such compensation is otherwise fair and not excessive;
- (VII) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are consistent with contractual terms and otherwise reasonable and appropriate;
- (VIII) to ensure that no Directors or any of his/her associates is involved in deciding his/her own remuneration;
- (IX) to review the assessment criteria for Directors and senior management, conduct assessments and make recommendations;
- (X) to review and study the remuneration policy and schemes for Directors and senior management;
- (XI) to review and monitor the training and continuous professional development of Directors and senior management;
- (XII) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
- (XIII) to report its recommendations or advice to the Board, except for those that cannot be reported due to legal or regulatory restrictions;
- (XIV) to exercise other duties and powers as specified in the applicable laws and regulations, the Listing Rules, rules and systems of the Company or authorized by the Board.

**Article 10** At the request of the Chairman of the Board, the Committee shall designate its chairman or, in his/her absence, another member or his/her authorized representative to attend the annual general meeting of the Company and answer questions thereat.

**Article 11** The Board Office, which serves as the day-to-day working body of the Committee, is responsible for the daily work liaison, organization of meetings, documentation preparation and file management of the Committee.

**Article 12** The Company shall provide the Committee with sufficient resources to allow the Committee to perform its duties, the human resources, finance, business management and other relevant departments of the Company shall provide relevant information and services to the Committee. In performing its duties, the Committee may, if needed, seek independent professional advice at the expense of the Company.

### **CHAPTER 3 DECISION-MAKING PROCEDURES AND RULES OF PROCEDURE**

**Article 13** The remuneration plans or schemes formulated by the Committee should be sufficient to attract and retain Directors and senior management to run the Company successfully without paying more than necessary.

Any remuneration plan or scheme for Directors is subject to approval by the Board and consideration and approval at the general meeting before implementation; any remuneration plan or scheme for senior management is subject to approval by the Board before implementation.

**Article 14** The Board Office is responsible for making preparations for decision-making of the Committee and organizing relevant function departments to provide relevant information and services in a timely, complete and true manner, including but not limited to:

- (I) the Company's key financial indicators and performance of business targets;
- (II) the main duties and respective scope of work of senior management;
- (III) the progress of the indicators in the performance evaluation system for Directors and senior management;
- (IV) the business performance attributable to business innovation and profit-making capabilities of Directors and senior management;
- (V) the calculation basis for determining the Company's remuneration distribution plan and method according to its business results.

**Article 15** The Committee's procedures for performance evaluation of Directors and senior management are as follows:

- (I) To understand, obtain and analyze the relevant circumstances and information of Directors and senior management's work, including but not limited to the information listed in Article 14 of these Work Rules;
- (II) To evaluate the performance of Directors and senior management according to the criteria and procedures for performance evaluation;
- (III) The amount of remuneration and method of reward for Directors and senior management are proposed based on the performance evaluation results and the remuneration policy and, after being resolved by the Committee, are reported to the Board.

**Article 16** Members of the Committee shall review whether the procedures for determining the remuneration of Directors and senior management are in compliance with relevant regulations, whether the determination criteria are reasonable, whether the interests of the Company and all shareholders are harmed, and whether the remuneration of Directors and senior management disclosed in the annual report is consistent with the facts, and shall, in principle, issue a review report and submit it to the Board.

The Committee should consult the Chairman of the Board and/or general manager about the remuneration proposals for other executive Directors.

**Article 17** Meetings of the Committee include regular and extraordinary meetings.

The Committee shall hold regular meetings at least once a year. An extraordinary meeting may be held when proposed by the chairman or considered necessary by not less than two members.

**Article 18** Before a regular meeting is held, the Committee should give a five days' notice to all its members. Before an extraordinary meeting is held, the Committee should give in-time notice, and may notify them immediately in case of emergency.

The notice of the meeting shall include the time, place, participants, convening method, agenda, convener and chairman of the meeting.

**Article 19** Members shall attend the meetings of the Committee in person and provide unequivocal recommendations or advice on the matters being considered. If a member is unable to attend in person for any reason, he/she shall pass his/her recommendations or advice to the meeting of the Committee in a feasible manner, and is treated as presence at the meeting.

If a member fails to attend meetings in person twice in a row, he/she shall be deemed to have failed to perform his/her duties and the Board shall have him/her replaced.

**Article 20** The secretary of the Board shall attend meetings of the Committee as an observer, supervisors of the Company may attend meetings of the Committee as observers, and when necessary, other Directors, senior management and others may be invited to attend as observers.

**Article 21** A meeting of the Committee may be held with the presence of more than half of all members.

**Article 22** Meetings of the Committee may be held in the form of on-site meetings, video conferences, teleconferences, mailings or by means of similar communication equipment and by countersigning written documents.

**Article 23** Each member shall provide unequivocal recommendations or advice on the matters being considered by means of communication (such as email, telephone and instant messaging software) or by on-site meeting discussion.

**Article 24** The Committee shall formulate relevant resolutions after full discussion on the matters being considered and report the same together with relevant proposals to the Board for consideration.

The Committee shall provide the Board with its discussion, materials and information on previous research and discussion of relevant matters in the form of reports, proposals or conclusions (if any) for research and decision-making.

**Article 25** Minutes shall be made for the meetings of the Committee and signed by the members present at the meetings.

**Article 26** Minutes, resolutions and other relevant documents of the meetings of the Committee shall be maintained by the Board Office for a period of not less than 10 years in accordance with the Company's file management system.

**Article 27** All members and observers present at a meeting are obligated to keep confidential to the matters discussed thereat, and shall not disclose the relevant information without written authorization or before relevant information becomes public information.

#### **CHAPTER 4 SUPPLEMENTARY PROVISIONS**

**Article 28** The Committee shall publish its terms of reference on the websites of The Stock Exchange of Hong Kong Limited and the Company, explaining its role and powers delegated by the Board.

**Article 29** The terms "not less than" and "at least" referred to herein are inclusive of the figure being modified; the term "below" referred to herein is not inclusive of the figure being modified.

**Article 30** Matters not covered in these Work Rules shall be handled in accordance with relevant laws and regulations of the state, the Listing Rules, the Articles of Association and the Rules of Procedure for the Board. In case that these Work Rules contravene any laws and regulations promulgated by the state in the future, the Listing Rules or the Articles of Association and the Rules of Procedure for the Board as amended through legal procedures, the latest requirements of the latter shall prevail, and these Work Rules shall be amended accordingly, subject to the consideration and approval by the Board.

**Article 31** These Work Rules shall come into effect from the date of consideration and approval by the Board.

**Article 32** These Work Rules shall be interpreted by the Board.