



綠色動力
DYNAGREEN

綠色動力環保集團股份有限公司
Dynagreen Environmental Protection Group Co., Ltd.*
(a joint stock limited liability company incorporated in the People's Republic of China)
(Stock Code: 1330)

Dynagreen Environmental Protection Group Co., Ltd.*
Working Rules for the Remuneration and Appraisal Committee
under the Board of Directors

Chapter 1 General Provisions

- ARTICLE 1** In order to establish a sound administration system of remuneration and appraisal of Dynagreen Environmental Protection Group Co., Ltd.* (the “**Company**”) and enhance its corporate governance structure, and in accordance with the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, relevant laws and regulations, statutory documents and the Articles of Association of the Dynagreen Environmental Protection Group Co., Ltd. (the “**Articles of Association**”), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (collectively the “**Listing Rules**”) and other relevant provisions, the Company has set up a remuneration and appraisal committee under the board of directors (the “**Committee**”) and formulated Dynagreen Environmental Protection Group Co., Ltd. Working Rules for the Remuneration and Appraisal Committee under the Board of Directors (the “**Rules**”) taking into account the actual situation of the Company.
- ARTICLE 2** The Committee is a specific working body set up by the board of directors. Its main responsibilities are to study and give recommendations on the evaluation criteria of directors and senior management members; (ii) to study and review the remuneration policies and plans for directors and senior management members.

* For identification purposes only

ARTICLE 3 The “senior management members” referred in these Rules shall refer to the general manager, deputy general manager(s), secretary to the board of directors, financial controller, chief engineer, general counsel and other senior management members who shall be appointed by the board of directors as defined in the Articles of Association; the “management members” shall refer to directors, senior management members of the Company and other management members designated by the board of directors.

Chapter 2 Composition

ARTICLE 4 The Committee shall comprise at least three directors, and the total number of members shall always be an odd number. The majority of the members of the Committee shall be independent non-executive directors.

ARTICLE 5 The members of the Committee shall be nominated by the chairman of the board of directors or the nomination committee under the board of directors, and shall be elected and appointed by the board of directors with the approval of more than half of all directors.

ARTICLE 6 The Committee shall have a chairman, who shall be an independent non-executive director appointed by the board of directors. The chairman of the Committee shall be responsible for leading the work of the committee. If the chairman of the Committee is unable or fails to perform his/her duties, an independent non-executive director of the Committee who is elected by at least half of the Committee members shall act in his/her duties.

ARTICLE 7 The term of office of the Committee will be in line with that of the board of directors. The member may serve consecutive terms if re-elected upon the expiry of the current term of office. During the term, if any member ceases to hold office as a director, he/she will automatically be disqualified and cease to be a member. A member of the Committee may resign prior to the expiry of his term of office by submitting a written resignation report to the board of directors, which shall include a statement of the reason for such resignation and if necessary the matters that should be brought to the attention of the board of directors. If a member of the Committee is disqualified to act or his resignation has been accepted, the Company shall fill in the vacancy by appointing a successor member in accordance with relevant laws and regulations, statutory documents and Articles 4 to 6 above.

Chapter 3 Duties and Authorities

ARTICLE 8 The Committee shall have the following duties and responsibilities:

- (i) to study and make recommendations to the board of directors on the policy and structure of remuneration (including non-monetary income, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) of directors and senior management members and the procedure for developing the remuneration policy. The procedure for developing the remuneration policy shall be formal and transparent;
- (ii) to study and make recommendations on standards for appraisal of directors and senior management members;
- (iii) to review remunerations for the management members in accordance to corporate goals and objectives designated by the board of directors;
- (iv) to make recommendations to the board of directors on the remunerations (including non-monetary income, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) of individual executive directors and senior management members;
- (v) to make recommendations to the board of directors on the remunerations of non-executive directors;
- (vi) to review and approve the compensation arrangements for directors and senior management members for any loss or termination of office or dismissal for misconduct; to ensure that such compensation is consistent with the terms in the employment contracts with such persons, and is fair and not excessive;
- (vii) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.
- (viii) to review and conduct annual appraisal on the performance of directors and senior management members annually, propose the remuneration plan for the year and further incentive plans based on the results of work performance appraisals and submit its proposals to the board of directors for consideration, and monitor the implementation of such plans;
- (ix) to be responsible for assessing the remuneration policy of the Company, review and supervise its implementation;
- (x) to supplement or amend the remuneration system and remuneration framework based on the market and the Company development;

- (xi) to be responsible for explaining to the shareholders on issues regarding the remunerations of directors and senior management members of the Company;
- (xii) to formulate or change equity incentive scheme and employee shareholding scheme, to review the achievement of the conditions for granting and exercising the options of the incentive objects, to review and/or approve matters relating to share schemes as set out in Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and to make recommendations to the board of directors;
- (xiii) to make recommendations to the board of directors on the arrangement of shareholding schemes by directors and senior management in the subsidiaries to be spun off;
- (xiv) other matters authorized by laws, administrative regulations, departmental rules, listing rules of the places where the Company's shares are listed, other normative documents and provisions of the Articles of Association, or the board of directors.

ARTICLE 9 The board of directors shall have the power to veto remuneration plans or proposals which are contrary to the interests of the shareholders.

ARTICLE 10 The remuneration plans and proposals for directors of the Company proposed by the Committee shall be approved by the board of directors and submitted to a shareholders' general meeting for approval before implementation. The remuneration plans for senior management members of the Company shall be submitted to the board of directors for approval.

Chapter 4 Working Procedures

ARTICLE 11 As the administrative office of the Committee, the general office of the board of directors of the Company shall be responsible for coordinating with relevant departments in providing information on human resources and the personnel being appraised, preparing for meetings of the Committee and implementing the resolutions passed by the Committee.

ARTICLE 12 The general office of the board of directors of the Company shall be responsible for the preparatory work for the Committee to make decision and provide relevant information related to the Company on aspects as follows:

- (i) the progress towards the key financial targets and operational objectives of the Company;
- (ii) the scope of work of directors and senior management members of the Company, and the performance of their primary responsibilities;
- (iii) the progress towards the targets involved in the performance appraisal plan for directors and senior management members;

- (iv) the basis for estimation and calculation relating to the formulation of remuneration distribution plan and distribution method based on the performance of the Company;
- (v) to liaise with the intermediaries appointed by the Committee; and
- (vi) to provide each remuneration system and the implementation of such systems of the Company according to the request of the Committee.

The Committee shall perform the duties as mentioned in Article 8 herein based on the information provided by the general office of the board of directors of the Company.

ARTICLE 13 The procedures for appraising directors and senior management members adopted by the Committee are as follows:

- (i) The directors, supervisors and senior management members shall report their work and self-appraisals to the Committee within one month after the issuance of the audit report of the Company every year;
- (ii) The Committee shall carry out performance appraisal of the directors and senior management members according to the performance appraisal standards and procedures and on the basis of operating results of the Company as confirmed by the audit reports and the work reports of the directors and senior management members;
- (iii) The Committee shall internally discuss and prepare a proposal on the amount of remunerations and method of reward for the directors and senior management members based on the results of work performance appraisals and the remuneration distribution policies, and after such proposal is passed by the Committee through voting, submit it to the board of directors of the Company for consideration.

Chapter 5 Rules of Procedures for Meetings

ARTICLE 14 Meetings of the Committee shall include regular meetings and extraordinary meetings.

The regular meeting of the Committee shall be held prior to the regular board meeting to be held before the annual general meeting of the Company, and discuss the opinions and suggestions to be submitted to the board of directors.

An extraordinary meeting may be held any time when the chairman of the Committee considers necessary or when proposed by at least half of the members of the Committee or the chairman of the board of directors.

ARTICLE 15 Meetings of the Committee shall be convened, and the notice thereof shall be issued, by the chairman of the Committee. The notice of a meeting and other meeting materials shall be delivered to all members of the Committee at least three days before the date of the meeting. Subject to the consent of all members of the Committee, the foregoing requirement of notification period may be waived.

ARTICLE 16 The meeting shall be presided over by the chairman of the Committee. If the chairman of the Committee is unable to attend the meeting, he/she may appoint another member of the Committee, who shall be an independent director, to preside over the meeting.

ARTICLE 17 The quorum of meetings of the Committee shall be presence of at least two-third of the members; where a member is unable to attend a meeting, he/she may, by a written power of attorney, appoint another member to attend and vote the meeting on his/her behalf. The power of attorney shall set out the name of the proxy, the subject and scope of authorization and the period of the validity of the power of attorney, which shall be signed or officially sealed by the principal.

Resolutions made at the meeting of the Committee must be voted for by more than half of all the members. All resolutions and opinions of the Committee shall be signed by all of its members present at the meeting. Each member of the Committee shall have one vote. A member of the Committee may vote for, against or abstain from voting on a given matter.

ARTICLE 18 Meetings of the Committee may be held by means of on-site meeting, by communication, by circulation and execution of resolutions or by other appropriate means.

ARTICLE 19 The Committee may invite directors, supervisors and senior management members of the Company to attend its meetings if necessary.

ARTICLE 20 The senior management members and relevant departments of the Company shall support and cooperate with the work of the Committee, and provide such necessary information and documents as required by the Committee. Where necessary, the Committee may appoint independent intermediary agencies to provide professional advices for its decisions-making at the reasonable cost of the Company.

ARTICLE 21 When any subject of discussion of the Committee relates to a member of the Committee at a meeting, such member shall be excluded from such discussion. If the number of members participating in the discussion is less than two after the exclusion, the subject shall be subject to consideration by the board of directors.

- ARTICLE 22** The procedures for convening a meeting, the method of voting and the remuneration policies and distribution plans adopted by a meeting of the Committee shall comply with the provisions of the relevant laws, regulations, the Articles of Association and these Rules.
- ARTICLE 23** The Committee shall keep minutes of its meetings. Members present at a meeting shall sign the minutes of that meeting. Such meeting minutes shall be kept by the secretary of the board of directors of the Company.
- ARTICLE 24** Any resolution passed and the result of voting at a meeting of the Committee shall be reported in writing to the board of directors of the Company for consideration.
- ARTICLE 25** All persons attending or present at a meeting shall keep confidential all matters discussed at the meeting and shall not disclose any relevant information without authorization.

Chapter 6 Miscellaneous

- ARTICLE 26** The expression “at least” includes the numbers following such expression, and “more than half” excludes half.
- ARTICLE 27** These Rules shall become effective and be implemented on the day when they are considered and approved by the board of directors. The board of directors shall have the power to amend and interpret these Rules.
- ARTICLE 28** Any matters not covered by these Rules shall be implemented in accordance with the provisions of the relevant laws, regulations, the relevant regulatory rules of the jurisdictions where the Company’s shares are listed and the Articles of Association. If these Rules contravene any provisions of the relevant laws, regulations, the relevant regulatory rules of the jurisdictions where the Company’s shares are listed (including the Listing Rules) or the Articles of Association, such relevant laws, regulations, the relevant regulatory rules of the jurisdictions where the Company’s shares are listed (including the Listing Rules) and the Articles of Association shall prevail, and in such case, these Rules shall be amended accordingly and submitted to the board of directors for consideration and approval as soon as practicable.
- ARTICLE 29** These Rules are made in both English and Chinese. In the event of any discrepancy between the English and Chinese versions of these Rules, the Chinese version shall prevail.