

## XINCHEN CHINA POWER HOLDINGS LIMITED

(新晨中國動力控股有限公司)

*(Incorporated in the Cayman Islands with limited liability)*

(the “Company”)

### **Terms of reference for the Remuneration Committee of the board of directors of the Company adopted pursuant to a resolution of the board of directors on April 25, 2012 and effective from April 25, 2012**

#### **Constitution**

1. The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby resolves to establish a committee (the “**Committee**”) of the Board to be known as the Remuneration Committee.

#### **Membership**

2. The Committee shall be appointed by the Board and shall consist of not less than three members, a majority of whom should be independent non-executive Directors. A quorum for meeting shall be two members.
3. The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive Director.

#### **Secretary**

4. The company secretary shall be the secretary of the Committee.

#### **Frequency of meetings**

5. Meetings shall be held not less than once a year. Meetings will be held at the request of any member of the Board.

#### **Authority**

6. The Committee may request from the management information relating to the compensation and remuneration packages of employees as appropriate to enable members of the Committee to perform their duties set out herein.

7. The Committee should consult the chairman and/or chief executive of the Company regarding any proposed remuneration or compensation in respect of any executive Director, as appropriate. The Committee is also authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of other persons with relevant experience and expertise, at the expense of the Company. The Company will provide sufficient resources for the Committee's performance of its duties including the reasonable fees of legal and other independent professional advisors.

## Duties

8. The duties of the Committee shall be:
  - (a) to make recommendations to the Board on the policy and structure for remuneration of all the Directors and senior management of the Company and its subsidiaries (collectively the "Group") and on the establishment of a formal and transparent procedure for developing the Group's remuneration policy;
  - (b) either (i) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, or (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. These should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
  - (c) to make recommendations to the Board on the remuneration of non-executive Directors;
  - (d) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time;
  - (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
  - (f) to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment in order to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
  - (g) 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 are otherwise reasonable and appropriate;
  - (h) to ensure that no Director or any of his associates is involved, directly or indirectly, in deciding such Director's remuneration;

- (i) in respect of any service agreement to be entered into between any members of the Group and its respective Director or proposed Director, the prior approval of which by the shareholders of the Company in general meeting is required pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), to review and provide recommendations to the shareholders of the Company (other than the shareholders who are Directors with a material interest in the relevant service agreements and their respective associates (as defined in the Listing Rules)) as to whether the terms of the service agreements are fair and reasonable and whether such service agreements are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote; and
- (j) to report 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).

## **Reporting procedures**

- 9. The secretary of the Committee shall circulate the draft and final versions of minutes of the Committee meetings to all members of the Committee for comment and approval and circulate reports of the Committee to all members of the Board.
- 10. The secretary of the Committee shall maintain as part of the Company’s corporate records all approved minutes and reports of the Committee.

## **Disclosure**

- 11. The Committee should ensure that the Company discloses details of any remuneration payable to members of senior management by band in the annual reports.

## **Attendance of annual general meeting**

- 12. The Chairman of the Committee should, as far as practicable, attend the annual general meeting and make himself available to respond to any shareholders’ questions on the Committee’s activities.

*(Chinese translation is for reference only. The English text shall prevail in case of any inconsistency.)*