

# **China Suntien Green Energy Corporation Limited\***

## **Terms of Reference for the Remuneration and Appraisal Committee of the Board of Directors**

### **Chapter 1 General Provisions**

**Article 1** In order to further improve the appraisal and remuneration management system of the directors and senior management of China Suntien Green Energy Corporation Limited (hereinafter referred to as the “Company”) and optimize its corporate governance structure, these Terms of Reference are formulated in accordance with Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, 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 and other relevant laws, regulations and regulatory documents, as well as the provisions of the Articles of Association of China Suntien Green Energy Corporation Limited (hereinafter referred to as the “Articles of Association”) and the Rules of Procedure of the Board of Directors of China Suntien Green Energy Corporation Limited.

**Article 2** The Remuneration and Appraisal Committee is a special operating committee under the Board of Directors, which is mainly responsible for formulating the appraisal standard and conducting the appraisal of the Company’s directors and senior management; formulating and examining the remuneration policy and plan for the Company’s directors and management, and is accountable to the Board of Directors. The Board of Directors will assess the performance of the Remuneration and Appraisal Committee on a regular basis.

**Article 3** The Remuneration and Appraisal Committee shall be accountable, and report to, the Board of Directors, and its proposals shall be submitted to the Board of Directors for consideration and decision.

### **Chapter 2 Composition of the Committee**

**Article 4** The Remuneration and Appraisal Committee shall consist of five members, including independent directors and non-executive directors. A majority of the members of the Committee shall be independent directors.

**Article 5** Members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the Board of Directors, more than half of the independent directors or one-third of all directors, and shall be elected by the Board of Directors.

**Article 6** The Remuneration and Appraisal Committee shall have a chairman to be served by an independent director, who shall preside over the work of the Committee. The appointment and dismissal of the chairman of the Committee shall be decided by the Board of Directors. The chairman shall exercise the following functions and powers:

- (1) to preside over meetings of the Committee and sign resolutions of the meetings;
- (2) to propose and convene meetings of the Committee, and where the chairman fails to perform his/her duties, an independent director who is also a member of the Committee shall be designated to perform his/her duties on his/her behalf;
- (3) to lead the Committee and ensure that the Committee operates and performs its duties and responsibilities efficiently;
- (4) to ensure every proposal discussed by the Committee reaches a clear and definitive conclusion, including whether the proposal is approved, not approved or to be further discussed after supplemental materials are provided;
- (5) to define the agenda for each meeting of the Committee;
- (6) any other functions and powers specified by these Terms of Reference.

**Article 7** Members of the Committee shall meet the qualifications required by the relevant PRC laws, regulations and the listing rules of the place where the shares of the Company are listed.

**Article 8** The Remuneration and Appraisal Committee shall have the same term of office as that of the Board of Directors. Members of the Committee may, upon the expiry of their term of office, be re-appointed for consecutive terms if re-elected. During his/her term of office, if any member ceases to be a director of the Company or a member who shall be an independent director ceases to be independent as required by the Articles of Association and the listing rules of the place where the shares of the Company are listed, such member shall automatically lose the qualification for being a Committee member. The Board of Directors shall fill the vacancy according to Article 5 hereof, and the term of office of the supplementary members shall end with the term of the current Board of Directors. Any member of the Remuneration and Appraisal Committee may submit his/her resignation to the Board of Directors prior to the expiry of his/her term of office, in which he/she shall set out the imperative reasons for his/her resignation and matters to which the Board of Directors shall pay attention. Changes may be made to the members of the Remuneration and Appraisal Committee during their terms of office upon being proposed by the chairman of the Board of Directors and approved by the Board of Directors after its discussion.

**Article 9** The Company shall provide the Remuneration and Appraisal Committee with sufficient resources to perform its duties. The office of the Board of Directors of the Company is the supporting and liaison department for the Remuneration and Appraisal Committee and shall be responsible for the daily communication and organization of the Committee meetings.

**Article 10** At the request of the Remuneration and Appraisal Committee, staff members of the human resources department may attend meetings of the Remuneration and Appraisal Committee without voting rights. Where necessary, the Remuneration and Appraisal Committee may also invite other directors, senior management or persons in charge of relevant departments of the Company to attend meetings of the Remuneration and Appraisal Committee without voting rights.

### **Chapter 3 Duties and Responsibilities of the Committee**

**Article 11** The Remuneration and Appraisal Committee shall have the following primary duties and responsibilities:

- (1) to study and determine the appraisal standard of the directors and senior management, organize the appraisal and make recommendations upon delegation of power from the Board of Directors;
- (2) to study and determine formal and transparent remuneration policy and structure for all directors and senior management, the remuneration and performance appraisal proposal, and reward and disciplinary proposal, and make recommendations to the Board of Directors;
- (3) to review and approve the remuneration proposals made by the management by reference to the corporate goals and objectives passed by the Board of Directors from time to time;
- (4) to study the Company's incentive plan, employee stock ownership plans, remuneration system and share option scheme, monitor and evaluate the implementation results, make recommendations on reform and improvement thereof, confirm the rights granted to incentive participants, achievement of conditions to exercise the rights, and review matters related to stock plans as described under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- (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 the terms of employment contracts and is otherwise fair and reasonable but not excessive;
- (6) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with the terms of employment contracts and are otherwise fair, reasonable and appropriate;
- (7) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- (8) to make recommendations to the Board of Directors on the remuneration of non-executive directors;
- (9) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions of other positions in the group;
- (10) any other functions and powers conferred by the Board of Directors.

**Article 12** After being authorized by the Board of Directors, the Remuneration and Appraisal Committee may make comments and assessment on any matters within its terms of reference, and make recommendations independently.

**Article 13** The Remuneration and Appraisal Committee shall consult the chairman of the Board of Directors and/or the president in respect of the remuneration proposals of other executive directors.

**Article 14** Any remuneration plans proposed by the Remuneration and Appraisal Committee with respect to the relevant directors of the Company shall be submitted to the Board of Directors for approval, and such remuneration plans shall only be implemented after they are considered and approved by a shareholders' general meeting; the remuneration allocation plan of the senior management of the Company shall be submitted to the Board of Directors for approval.

**Article 15** The Remuneration and Appraisal Committee shall be entitled to request the senior management of the Company to provide full support to the work of the Remuneration and Appraisal Committee.

**Article 16** The Board of Directors shall have the right to veto any remuneration plans and schemes that violate laws and regulations and impair the shareholders' interests.

**Article 17** The Remuneration and Appraisal Committee shall assess the remuneration of the directors and senior management of the Company independently and fairly and make recommendations thereon. The Remuneration and Appraisal Committee must consider and give due regard to the performance of the directors and senior management, the interest of all shareholders of the Company, the financial position of the Company and the market conditions from time to time.

**Article 18** The Remuneration and Appraisal Committee may, if necessary, appoint intermediaries to provide professional advice for its decision, and any reasonable expenses in connection therewith shall be borne by the Company.

## **Chapter 4 Decision-making Procedure of the Committee**

**Article 19** The appraisal procedure of the Remuneration and Appraisal Committee for the directors and senior management is as follows:

- (1) The directors and senior management of the Company shall make duty reports and submit self-evaluations to the Remuneration and Appraisal Committee of the Board of Directors;
- (2) The Remuneration and Appraisal Committee shall conduct performance appraisals on the directors and senior management according to the performance appraisal standard and procedure;
- (3) The Remuneration and Appraisal Committee shall propose the remuneration amount and form of reward for the directors and senior management according to the performance appraisal results and remuneration allocation policy, and shall report the same to the Board of Directors after they are passed by voting.

## **Chapter 5 Proceedings of Committee Meeting**

**Article 20** The office of Board of Directors shall notify all members of the Committee of a Remuneration and Appraisal Committee meeting three days prior to the meeting, and shall provide sufficient meeting materials. However, the above notice period may be exempted with the unanimous consent of all members of the Committee. The meeting shall be chaired by the chairman of the Committee, or by another member authorized by the chairman of the Committee in the case of his/her absence.

If any one of the following circumstances occurs, the chairman of the Committee shall convene an extraordinary meeting within 5 days from the date of occurrence:

- (1) when it is proposed by the Board of Directors;
- (2) when it is proposed by the chairman of the Remuneration and Appraisal Committee;
- (3) when it is proposed by more than half of members of the Committee.

The office of the Board of Directors shall deliver the notice of the extraordinary meeting and relevant meeting information to all members of the Committee one day before the convening of such meeting in accordance with the instructions from the chairman of the Remuneration and Appraisal Committee. However, the above notice period may be exempted with the unanimous consent of all members of the Committee.

**Article 21** The notice of the meeting shall include:

- (1) the venue, date, time and form of convening the meeting;
- (2) the agenda, issues for discussion and related information of the meeting;
- (3) the date of issuing the notice.

**Article 22** The notice of the meeting may be served by personal delivery, fax, registered mail or other methods specified by the Articles of Association.

**Article 23** Members of the Committee shall attend the meeting in person.

**Article 24** A meeting of the Remuneration and Appraisal Committee shall be held only in the presence of two-thirds or more of the members. Each member has one vote. A resolution adopted by the meeting requires affirmative votes by a majority of all members.

**Article 25** Where necessary, the Remuneration and Appraisal Committee may invite the directors and senior management of the Company to attend its meetings without voting rights.

**Article 26** A meeting of the Remuneration and Appraisal Committee may be held by means of video, telephone or similar communication devices. As long as such devices enable clear communication and exchange of opinions throughout the meeting among all members attending the meetings, all members attending the meetings shall be deemed to have attended the meeting in person.

**Article 27** Any member of the Remuneration and Appraisal Committee shall abstain from discussion of any topics in relation to his/her interest at meetings of the Committee.

**Article 28** Members attending the Remuneration and Appraisal Committee meeting can vote by show of hands, poll and voice vote. For members who participate in the meeting by means of video, telephone or similar communication devices and vote by hands, their voice vote shall be deemed to be valid, but they must perform the written signature procedure as soon as possible and send the voting original to the Company after the meeting. Voice vote shall be of the same effect as a written signature, but the content of the subsequent written vote must be identical to that of the voice vote given at the meeting. If voting by poll, members can vote by fax or e-mail enclosing the vote in PDF format. After the meeting, they shall send the original of the fax or e-mail enclosing the vote in PDF format to the Company.

**Article 29** Written resolution signed and agreed by all members of the Committee shall be deemed as valid and effective as if it had been passed at a legally-convened Committee meeting. Such written resolutions may consist of documents in counterparts, each signed by one or more member(s) of the Committee. The resolution can be signed and transmitted by fax or other means of electronic communication.

**Article 30** Minutes shall be taken for the Remuneration and Appraisal Committee meeting and recorded by specific personnel assigned by the office of the Board of Directors. Minutes shall have detailed records on the matters reviewed and the decisions made in the meeting, including any concerns raised by all members and different views expressed by them. The members attending the meeting shall sign on the minutes. As an important document of the Company, the minutes shall be kept by the secretary of the Board of Directors according to the file management system of the Company. If a reasonable notice is given by any director, such minutes shall be made available to the director for inspection within a reasonable period of time.

**Article 31** The proposals duly passed at meetings of the Remuneration and Appraisal Committee and the voting results thereof shall be reported to the Board of Directors of the Company in writing.

**Article 32** The convening procedure, voting method adopted and the remuneration policy and allocation plan passed at meetings of the Remuneration and Appraisal Committee must be in compliance with the relevant laws, regulations and provisions of the listing rules of the place where the shares of the Company are listed, the Articles of Association, the Rules of Procedure of the Board of Directors and these Terms of Reference.

**Article 33** All personnel attending the meeting shall be obliged to keep confidential any of the matters discussed at the meeting, and shall not disclose any relevant information without authorization.

## **Chapter 6 Coordination and Communication**

**Article 34** In the event that the Remuneration and Appraisal Committee has any significant or special matter that needs to be submitted to the Board of Directors for study when the Board of Directors is in recess, the Remuneration and Appraisal Committee can submit a written report to the Board of Directors through the secretary of Board of Directors and may recommend the chairman of the Board of Directors to convene a Board meeting for discussion.

**Article 35** The chairman or a member of the Remuneration and Appraisal Committee authorized by him/her or an administrative body shall report the work of the Remuneration and Appraisal Committee since the last regular Board meeting to the Board of Directors, or make a special report on a specific issue.

**Article 36** Any written reports submitted to the Board of Directors by the Remuneration and Appraisal Committee shall be signed and approved by the chairman of the Committee or a member authorized by him/her, and shall be submitted to the Board of Directors through the secretary of the Board of Directors.

**Article 37** In the event that the senior management of the Company has any significant or special matter when the Remuneration and Appraisal Committee is in recess, the senior management can submit a written report to the Remuneration and Appraisal Committee through the secretary of the Board of Directors and may recommend the chairman of the Remuneration and Appraisal Committee to convene a meeting for discussion.

## **Chapter 7 Supplementary Provisions**

**Article 38** Any matters not covered in these Terms of Reference, or any conflicts of these Terms of Reference with the laws, regulations and provisions of the listing rules of the place where the shares of the Company are listed, the Articles of Association and the Rules of Procedure of the Board of Directors issued or modified after the effective date of these Terms of Reference, shall be handled in accordance with the laws, regulations, and provisions of the listing rules of the place where the shares of the Company are listed, the Articles of Association and the Rules of Procedure of the Board of Directors.

**Article 39** Unless otherwise specified, the terms used in these Terms of Reference shall bear the same meaning as those in the Articles of Association.

**Article 40** The terms of reference of the Committee shall be updated and modified from time to time according to the relevant laws, regulations and provisions of the listing rules of the place where the shares of the Company are listed, the Articles of Association and the Rules of Procedure of the Board of Directors.

**Article 41** The interpretation and amendment of these Terms of Reference shall be vested in the Board of Directors of the Company.

**Article 42** Staff members of the office of the Board of Directors of the Company shall be familiar with the relevant requirements of these Terms of Reference.

**Article 43** This document is a core business secret. The Company shall be entitled to exercise all rights with regard to this document; it is prohibited to transmit, copy, extract or cite any content from the document without written permission of the Company.

**Article 44** These Terms of Reference and its amendments shall be effective and implemented from the date of passage of the resolutions of the Board of Directors.

\* *For identification purpose only*

# *These Terms of Reference are prepared in Chinese. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.*