

# **The Detailed Working Rules for the Remuneration Committee of the Board of Directors of Yankuang Energy Group Company Limited**

## **CHAPTER 1 GENERAL PROVISIONS**

**Article 1** The Company established the Remuneration Committee of the Board of Directors and formulated these terms of reference to further develop remuneration management system of the Directors, supervisors and senior management of the Company and to improve the corporate governance of the Company in accordance with the Company Law of the People’s Republic of China, Code of Corporate Governance of Listed Companies, the Articles of Association of Yankuang Energy Group Company Limited (hereinafter referred to as “Articles of Association”) and other relevant regulations.

**Article 2** The Remuneration Committee is a special organ established by the Board of Directors which shall hold responsibility for the Board of Directors and be primarily responsible for the formulation and review of the remuneration policies and plans of the Directors, supervisors and senior management of the Company.

**Article 3** The senior management as referred to in these terms of reference shall include the general manager, deputy general managers, chief financial officer, secretary of the Board, chief engineer and etc. appointed by the Board of Directors.

## **CHAPTER 2 COMPOSITION OF THE COMMITTEE**

**Article 4** The Remuneration Committee comprises three Directors, all of which

are independent non-executive Directors.

**Article 5** The Remuneration Committee shall have one chairman to oversee the committee's operation. The chairman of the Remuneration Committee shall be a member of the independent non-executive Directors.

**Article 6** The term of office of each member of the Remuneration Committee shall be consistent with the term he or she served in the Board of Directors. Each member of the committee shall be eligible for re-election upon completion of his or her term of office. During his or her term of office, if any member of the committee ceases to be a Director, his or her membership in the committee shall lapse automatically, and the vacancy should be filled by the person elected in accordance with relevant requirements.

**Article 7** The operations management department is the operation office of the Remuneration Committee and shall be specifically responsible for the provisions of the relevant information on the 3 operation of the Company and the person to be assessed and be responsible for organizing meetings of and implementing the relevant resolutions of the Remuneration Committee.

### **CHAPTER 3 DUTIES AND POWERS**

**Article 8** According to the domestic and overseas regulatory requirements at the place of listing of securities of the Company, the Remuneration Committee under the Board of Directors is primarily responsible for the formulation of the remuneration policies and structure of the Directors, supervisors and senior management, and making recommendations to the Board of Directors in respect of the establishment of a formal and transparent procedure in formulating the remuneration policies and structure, particulars of which shall include:

1. To consider factors including the major scope of duties of, responsibilities

incurred, and time devoted by the Directors, supervisors and senior management, their terms of employment for other positions within the Group and the level of remuneration to perform similar roles in other relevant companies in order to formulate the remuneration schemes or plans and to make recommendations to the Board of Directors; the remuneration schemes or plans mainly include but not limited to the formulation of performance evaluation standards, procedures and the major evaluation system with reference to the corporate objectives approved by the Board of Directors, major incentive and punishment schemes and systems;

2. To monitor the implementation of the remuneration policies of the Directors, supervisors and senior management of the Company;

3. In reference to the guidelines and objectives set by the Board, to examine the duties and responsibilities performed by the Directors, supervisors and senior management of the Company and to conduct annual performance evaluation thereof, and to make recommendations on the remuneration of the Directors, supervisors and senior management to the Board of Directors;

4. Subject to the authorization of the Board of Directors, to formulate the administrative measures on remuneration and remuneration packages of individual Directors, supervisors and senior management and make recommendations to the Board of Directors; these remuneration packages shall include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

5. To review and approve the following compensation arrangements, and ensure such compensation is in line with the terms of the relevant contract and are otherwise fair, reasonable and appropriate: (1) compensation payable to Directors, supervisors and senior management for loss or termination of their office; and (2) compensation arising from the dismissal or removal of a director due to his misconduct;

6. To ensure that no Director or any of his associates is involved in determining their own remuneration;

7. To study and make recommendations on stock incentive program of the Company, including reviewing and/or approving matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

8. To make recommendations to the Board of Directors on matters relating to the arrangement of shareholding plans by Directors and senior management in subsidiaries proposed to be spun off;

9. To report to the Board of Directors of the Company any decisions or recommendations made by the Remuneration Committee, except for those prohibited to be reported by laws or regulatory restrictions;

10. Other matters required to be carried out by the Remuneration Committee in accordance with domestic and overseas regulatory requirements as amended from time to time and other matters authorized by the Board of Directors.

**Article 9** Remuneration plans of the Directors and supervisors proposed by the Remuneration Committee shall obtain the Board of Directors' approval and be submitted to the general meetings for consideration, which shall not be implemented until being passed. Remuneration plans of the senior management shall submit to the Board of Directors for approval. The Board of Directors shall be entitled to veto any remuneration schemes or plans which may impair the interests of shareholders of the Company.

**Article 10** The Remuneration Committee shall appoint the chairman of the committee or, in case of the absence of the chairman of the committee, another committee member or his or her authorized representative to answer the questions at the annual general meeting as requested by the Chairman.

## **CHAPTER 4 DECISION-MAKING PROCEDURES**

**Article 11** The human resources department, as an operation office of the Remuneration Committee, shall be responsible for the preliminary works for decision-making of the Remuneration Committee and the provision of information related to the Company, mainly including the scope of duties, main responsibilities and performance indicators achievements of the senior management of the Company and etc.

**Article 12** The evaluation procedures of the senior management by the Remuneration Committee are as follows:

1. The senior management of the Company shall make his duty report and self-evaluation to the Remuneration Committee under the Board of Directors;
2. The Remuneration Committee shall evaluate the performance of the senior management based on performance evaluation procedures;
3. The Remuneration Committee shall propose the remuneration packages of the senior management in accordance with the performance evaluation results and the remuneration policies and shall report to the Board of Directors upon passing.

## **CHAPTER 5 RULES OF PROCEDURE**

**Article 13** The Remuneration Committee shall hold a meeting when necessary and shall serve the notice of the meeting on all of its members at least three days before the date of the meeting. The chairman of the meeting shall preside over the meeting and may authorize another member to chair the meeting in the event that he or she is not able to attend the meeting.

**Article 14** The Remuneration Committee meetings may not be held unless not less than two-thirds of its members are present. Each member shall have a ballot for voting. Resolutions of the Remuneration Committee shall be passed by more than one

half of all its members.

**Article 15** The meetings of the Remuneration Committee shall be convened under the principle of onsite meeting. Provided that all participating directors can fully communicate and express their opinion, meetings may be convened by way of video, telephone, or other means in accordance with procedures if necessary, and vote by means of either a show of hand or a poll.

**Article 16** The Remuneration Committee may, when necessary, invite other Directors, supervisors and senior management of the Company to attend the meeting.

**Article 17** The Remuneration Committee shall consult with the Chairman or the general manager relating to remuneration proposals of other Directors and, if necessary, may engage intermediate agencies to provide independent professional opinions on its decisions, the expenses of which shall be borne by the Company.

**Article 18** The Remuneration Committee meetings shall, when discussing topics relating to its committee members, observe the principle of abstaining.

**Article 19** The procedures of convening and voting of the Remuneration Committee meetings and the remuneration policies and distribution plans passed at the meetings shall comply with the relevant laws, regulations, the Articles of Association and these working rules.

**Article 20** Detailed minutes shall be prepared for the Remuneration Committee meetings for consideration, on which the members present at the meetings shall sign. Minutes of meeting shall be kept by the human resources department of the Company and filed in the office to the Board.

**Article 21** The Remuneration Committee shall report to the Board of Directors of the Company in written any resolutions passed at the meetings and the voting results.

**Article 22** All members attending the Remuneration Committee meetings shall

be obliged to keep all matters proposed at the meeting confidential and shall not disclose any information relevant to the meeting.

## **CHAPTER 6 SUPPLEMENTARY PROVISIONS**

**Article 23** In case of any matter not detailed in the Working Rules herein, or any conflict arises with the laws, regulations and the listing regulatory requirements issued from time to time and the Articles of Association, then the laws, regulations and the regulatory requirements and the Articles of Association shall prevail.

**Article 24** The Working Rules are effective since the date of approval by the Board of the Company, and are subject to the interpretation, formulation and amendment by the Board.