

XINYI ENERGY HOLDINGS LIMITED
信義能源控股有限公司
(incorporated in the British Virgin Islands with limited liability)
(the “**Company**”)

TERMS OF REFERENCE
OF THE REMUNERATION COMMITTEE
ADOPTED BY THE BOARD ON 22 NOVEMBER 2018

1 Membership

- (a) The remuneration committee (hereinafter referred to as the “**Committee**”) shall comprise a majority of independent non-executive directors (“**INED(s)**”) of the Company. The constitution of the Committee shall comply with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) from time to time.
- (b) The chairman of the Committee shall be a member of the Committee appointed by the Board (the “**Board**”) of Directors (the “**Director(s)**”) of the Company.
- (c) The Committee should be chaired by an INED.

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2 Attendance at Meetings

- (a) At all times, the chairman of the Board shall be notified in advance of all meetings of the Committee and may be in attendance thereat, provided that he shall not be in attendance when his own remuneration package/benefits are being discussed.
- (b) The quorum of a meeting of the Committee shall be two members of the Committee.
- (c) The chairman of the Board and/or the executive Director shall be, where appropriate, invited by the Committee to attend the meetings.
- (d) The Committee may, if necessary, invite other advisors, including but not limited to, external professional advisors or consultants to attend the meetings and to advise its members.
- (e) The secretary of the Company shall be the secretary of the Committee who should attend all meetings of the Committee.
- (f) Members of the Committee may participate in a meeting of the Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

3 Frequency of Meetings

Meetings of the Committee shall be held not less than once a year. The chairman of the Committee or any two members of the Committee may request a meeting if they consider that a meeting is necessary. Committee meetings shall be arranged by the secretary of the Committee upon instruction of the chairman of the Committee.

4 Committee's Resolutions

A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the members of the Committee. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

5 Authorities and Purposes

- (a) The Committee is authorised by the Board to review, assess and make recommendations upon, any issue within these terms of reference.
- (b) The Committee should utilise information achieved internally and externally to satisfy itself that base salaries offered by the Company are competitive with current market conditions and that the total remuneration package/benefits are competitive with other companies of a similar size, business nature and scope as the Company.
- (c) The purpose of the establishment of the Committee is to enable the Company to be more open and objective in the setting of its remuneration in respect of the directors of the Board and the senior management of the Company.
- (d) The Committee should consult the chairman and/or chief executive about their remuneration proposals for other executive Directors. The Committee should have access to independent professional advice if necessary. App 14-B.1.1
- (e) The authority of the Committee should be provided upon request from the shareholders of the Company and the role of the Committee should be explained in the corporate governance report in the annual report of the Company.
- (f) The Committee should be provided with sufficient resources to perform its duties. App 14-B.1.4
- (g) The Company should disclose details of any remuneration payable to members of senior management by band in its annual reports. App 14-B.1.5

6 Duties

The duties of the Committee shall be:

- (a) to assess, review and make recommendations, once a year or as and when required, to the Board in respect of the remuneration packages and overall benefits for the directors of the Board of the Company;

- (b) to make recommendations to the Board in relation to all consultancy agreements and service contracts, or any variations, renewals or modifications thereof, entered into between the Company and the Directors or any associated company of any of them;
- (c) to consider what details of the remuneration/benefits of the chairman of the Board and the Executive Directors should be reported in addition to those required by law in the Company's annual report and accounts and how those details should be presented;
- (d) to make recommendations to the Board on the Company's policy and structure for all its directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing its remuneration policy; App 14-B.1.2(a)
- (e) to review and approve the management's remuneration proposals of the Company with reference to the Board's corporate goals and objectives; App 14-B.1.2(b)
- (f) either: App 14-B.1.2(c)
 - (i) to determine, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management of the Company; or
 - (ii) to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management of the Company.

This should, include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (g) to make recommendations to the Board on the remuneration of non-executive directors of the Company; App 14-B.1.2(d)
- (h) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group of the Company; App 14-B.1.2(e)
- (i) to review and approve compensation payable to executive Directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; App 14-B.1.2(f)
- (j) to review and approve compensation arrangements relating to dismissal or removal of directors of the Company for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; App 14-B.1.2(g)
- (k) to ensure that no director of the Company or any of his associates is involved in deciding his own remuneration; App 14-B.1.2(h)
- (l) to cater for the Company to be in a position to offer and maintain competitive and attractive overall benefits to recruit and maintain high quality personnel at the Board level;

- (m) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- (n) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or applicable law.

7 Reporting Procedures

- (a) The Committee shall report its findings, recommendations and decisions of the Board; and
- (b) Minutes of meetings of the Committee should be kept by the secretary of the Committee and should be open for inspection at any reasonable time on reasonable notice by any Director. Drafts and final versions of the minutes of the Committee meetings shall be sent to all Committee members for their comment and record respectively.

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A.1.4
A.1.5

8 Availability and update of the terms of reference

- (a) These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the Listing Rules) in Hong Kong; and
- (b) These terms of reference or its updated and revised versions should be published on the website of the Company and the website of The Stock Exchange of Hong Kong Limited.

App 14-
B.1.3

(The translation into Chinese language of this document is for reference only. In case of an inconsistency, the English version shall prevail.)