

# SHENZHEN EXPRESSWAY COMPANY LIMITED



## Remuneration Committee Terms of Reference

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(Approved by the 4<sup>th</sup> meeting of the 8<sup>th</sup> session  
of the board of directors of the Company  
held on 23<sup>rd</sup> March 2018)

- \* This document is originally prepared in Chinese and this English version is for reference only. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

## Chapter 1 General Provisions

- Article 1 In order to better perform its duties and improve efficiency of its procedures, the board (the “Board”) of directors of Shenzhen Expressway Company Limited (the “Company”) shall establish a remuneration committee (the “Committee”) thereunder, mainly responsible for examination and formation of the remuneration policy and incentive programme of the Company, formation of the appraisal standard of the directors and senior management of the Company and conducting their appraisal.
- Article 2 The Committee shall be a specialised committee under the Board and a non-permanent organisation accountable to the Board.
- Article 3 The terms of reference of the Committee (the “Terms of Reference”) shall provide a clear statement of the scope of powers and duties of the Committee and shall be an important guidance and basis for the work of the Committee.
- Article 4 The Committee shall exercise its powers granted by the Board in accordance with this Terms of Reference to perform its duties, to report and make recommendations to the Board, and to assist the Board to complete its relevant duties, so as to increase the Board's efficiency, reporting quality, transparency and objectivity.

## Chapter 2 Membership

- Article 5 The Committee shall comprise of three to five members with one committee chairman. The chairman and members of the committee shall be appointed by the Board, comprising a majority of independent directors and chaired by an independent director.
- Article 6 The Committee shall appoint a secretary to assist communications and coordination between the Committee and the Board, other specialised committees and the relevant departments of the Company, and to assist the Committee to obtain information necessary for its performance of duties. Unless otherwise appointed by the Board or the Committee, the general manager of the Company's human resources department shall act as the secretary of the Committee.
- Article 7 The term of a Committee member shall be three years and he or she shall change term regularly. As far as possible, the term of a Committee member shall be the same as his or her term of director of the Company.
- Article 8 Appropriate remuneration shall be paid to the Committee member so as to reflect the time commitment and responsibilities of the respective Committee member. The Company shall enter into written contract with the Committee member regarding his remuneration subject to the approval by shareholders' meeting.

### Chapter 3 Powers and Duties

- Article 9 The Committee shall be authorised by the Board to exercise its powers under this Terms of Reference. The Committee shall be accountable to the Board but shall not enjoy exclusive powers, and it shall not replace the Board in exercising its decision and management powers unless duly authorised.
- Article 10 The Committee may perform its duties of monitoring and implementation of specific matters through the secretary of the Committee or departments such as the secretariat to the Board and human resources department. During the performance of its duties or conducting any investigations within its scope of powers and in accordance with the authorisation by the Board, the Committee shall have power to obtain relevant information and to engage or invite any professionals or organisations with relevant experience and expertise to act as its consultants for relevant issues, and the costs reasonably incurred shall be borne by the Company.
- Article 11 The scope of powers of the Committee shall mainly include:
1. providing guidance on the formation, review and amendment of the Company's overall remuneration policy and remuneration system;
  2. making recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
  3. reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
  4. determining the remuneration packages of the directors and senior management of the Company according to the market standard and the actual situation of the Company. The said remuneration package should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
  5. making recommendations to the Board on the remuneration of non-executive directors;
  6. appraisal of the performance of the directors and senior management of the Company, and making recommendations on their rewards and penalties according to their performance;
  7. formation, implementation and management of the Company's share option scheme or similar mid to long term plan;
  8. reviewing and approving compensation payable to directors and senior management of the Company for any loss or termination of office or appointment (regardless of any reasons, including dismissal or removal of directors for misconduct) , or compensation arrangements relating to the aforesaid, to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate, or fair and not excessive (as the case may be);
  9. ensuring no director, senior management or any of their associates is involved in deciding his own remuneration; and
  10. performing other duties as required by the applicable regulatory rules and the Board.

While evaluating or making recommendations on remuneration, the Committee shall consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Company. The Committee shall consult the chairman of the Board and/or the Company's president about their remuneration proposals for other executive directors.

Article 12 The Committee shall, in accordance with the authorisation by the Board, formulate remuneration proposal and report on the appraisal of the Company's directors and senior management for submission to and approval by the Board and/or the shareholders' meeting.

Article 13 The Committee shall regularly review, update or accept amendments on this Terms of Reference in order to promptly reflect the development and changes of the Company. Such amendments must be approved by the Board.

#### **Chapter 4 Meetings and Reporting Procedures**

Article 14 The Committee shall hold at least one meeting annually. Meetings shall be called and presided by the chairman of the Committee, and shall be called by notice of not less than five days to all members of the Committee.

Article 15 The chairman of the Committee shall be responsible for preparing the meeting agenda and delegating the relevant staff to prepare the information required. Such meeting materials shall be distributed to the members of the Committee three days before the meeting.

Article 16 The meeting of the Committee shall only be held with the attendance of more than half of its members. Resolutions of a meeting must be passed by a simple majority of all the members.

A member who is unable to attend the meeting in person due to certain reasons may appoint in writing other member to attend the meeting on his/her behalf. The power of attorney should contain the reasons of absence, the name of proxy, the detail opinion of the consignor, and signed or sealed by the consignor. A member shall not appoint other member to attend the meeting on his/her behalf if he/she has not expressed his/her opinion. Each member can only be appointed by one member in each meeting.

A meeting can be held by way of communication in writing upon agreed by all members of the Committee. A member expresses opinion in relation to the relevant agenda by way of writing shall be deemed as attending the meeting.

Article 17 According to the matter under discussion, the Committee may invite other members of the Board, professionals, consultancy agencies or senior management of the Company to attend meetings.

Article 18 Minutes of Committee meetings shall be taken by the secretary of the Committee. Draft and final versions of minutes of the Committee meetings shall be sent to all Committee within twenty-one days after the Committee meetings respectively. After receiving comments from the Committee members on the draft versions, the final versions shall be kept for their records and copied to the secretary of the Board.

Minutes of Committee meetings shall be kept by the secretary of the Committee. Full minutes of Committee meetings, notice of meeting and meeting materials shall be kept and filed by the Company for not less than five years.

Article 19 The chairman of the Committee shall report the major content of its meeting to the Board after each meeting and report its work progress to the Board at least annually.

### **Chapter 5          Supplementary Provisions**

Article 20 For matters not covered in this Terms of Reference or in cases of any inconsistencies between this Terms of Reference and requirements as promulgated or amended from time to time, the relevant laws, regulations, rules and the articles of association of the Company shall prevail.

Article 21 This Terms of Reference shall be effective upon approval by the Board.

Article 22 This Terms of Reference shall be interpreted and amended by the Board.