

Terms of Reference for the Remuneration and Assessment Committee of the Board of Directors of China Longyuan Power Group Corporation Limited

CHAPTER 1 GENERAL PROVISIONS

Article 1 The Terms of Reference herein is prepared in accordance with the Company Law of the People’s Republic of China, the Measures for the Administration of Independent Directors of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”), the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1 – Standardized Operation of the Companies Listed on the Main Board, the Articles of Association of China Longyuan Power Group Corporation Limited (hereinafter referred to as the “**Articles of Association**”), Rules of Procedure for the Board of Directors of China Longyuan Power Group Corporation Limited and the applicable regulatory requirements, in order to standardize the organizational work, matrix of roles and duties and the work procedures of the Remuneration and Assessment Committee of the Board of Directors of China Longyuan Power Group Corporation Limited (hereinafter referred to as the “**Company**”), and to further establish sound performance remuneration and assessment management systems and optimize the corporate governance structure of the Company.

Article 2 The Remuneration and Assessment Committee is established by the Board of Directors, and is a professional committee under the Board of Directors. The Committee reports its work to the Board of Directors and is responsible to the latter.

When performing its duties, the Remuneration and Assessment Committee shall comply with the applicable laws and regulations, the listing rules of the place where the shares of the Company are listed, the Articles of Association and the requirements of the Terms of Reference.

CHAPTER 2 COMPOSITION AND DUTIES AND POWERS

Article 3 The Committee shall consist of three directors, the majority of whom should be independent directors; the Remuneration and Assessment Committee shall have a chairman, who should be an independent director.

Article 4 Members of the Remuneration and Assessment 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 appointed and dismissed by the Board of Directors, the term of office is the same as that of directors and may be reappointed. If one member no longer serves as the director of the Company or an independent director during his term, he will automatically lose his qualification as a member. To ensure that the number of the Remuneration and Assessment Committee members meets the requirements of the Terms and Reference, the Board of Directors shall make up for the quorum of the Remuneration and Assessment Committee in a timely manner in accordance with the aforesaid provisions of the Terms of Reference.

Article 5 The Remuneration and Assessment Committee of the Board of Directors is responsible for formulating the assessment criteria for directors and senior management and conducting the assessment, and formulating and reviewing the remuneration policies and programs for directors and senior management, with the specific responsibilities set out below:

- (1) consider and approve the performance-based remuneration system with reference to the Company's goals and objectives determined by the Board of Directors, and supervise the implementation of the remuneration system of the Company;
- (2) consider the remuneration paid by comparable companies, time commitment and terms of reference, as well as conditions for employment of other positions within the Group;
- (3) review and approve compensation payable to executive directors and senior management in connection with their dimission and dismissal to ensure that it is consistent with relevant contractual terms and that, where it is not consistent with such contractual terms, the relevant compensation is fair and reasonable;

- (4) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with relevant contractual terms and that, where they are not consistent with such contractual terms, such compensation is fair and adequate;
- (5) ensure that no director or any of his associates is involved in deciding his/her own remuneration;
- (6) offer advice to shareholders in voting if the service contract of directors requires the shareholder's approval according to the Hong Kong Listing Rules;
- (7) other matters authorized by the Board of Directors or prescribed by the Articles of Association.

Article 6 The Remuneration and Assessment Committee of the Board of Directors makes recommendations to the Board of Directors on the following matters:

- (1) remuneration of directors and senior management;
- (2) establishment of, or any changes to, share incentive schemes, employee share schemes, and the conditions for the granting of, and exercise of, the rights and interests of the participants of the share incentives schemes;
- (3) arrangements for the share schemes for directors and senior management in relation to the proposed spin-off of relevant subsidiary(ies);
- (4) other matters as stipulated by laws, administrative regulations, regulations of the securities regulatory authorities of the State Council and the Articles of Association.

If the Board of Directors does not adopt or does not fully adopt the recommendations of the Remuneration and Assessment Committee, the opinions of the Remuneration and Assessment Committee and the specific reasons for non-adoption shall be recorded in the resolution of the Board of Directors and disclosed.

Matters of directors' remuneration shall be decided by the shareholders' meeting. When the Board of Directors or the Remuneration and Assessment Committee assesses an individual director or discusses his/her remuneration, such director shall recuse himself/herself.

The remuneration allocation plan for senior management shall be approved by the Board of Directors and fully disclosed.

Article 7 If necessary, the Remuneration and Assessment Committee may engage external experts or intermediaries to provide professional advices or recommendations, and reasonable expenses incurred thereby shall be paid by the Company.

CHAPTER 3 MEETING SYSTEM

Article 8 The Remuneration and Assessment Committee shall hold meetings at least once every year before the first annual regular meeting of the Board of Directors. The form of site meeting or communications conference may be adopted. Interim meetings may be convened upon proposal made by the chairman or more than two members of the Committee.

A meeting of the Remuneration and Assessment Committee can only be held when more than two-thirds of the members are present. The chairman of the Remuneration and Assessment Committee shall preside over the meeting. If the chairman of the Remuneration and Assessment Committee is unable to attend the meeting, he can entrust another Committee member to preside over the meeting. If one Committee member is unable to attend the meeting, he may entrust another member to exercise his power in written form.

Resolutions of the Remuneration and Assessment Committee shall be approved by poll by more than two-thirds of the Committee members.

Article 9 The Remuneration and Assessment Committee shall submit a report to the Board of Directors after the annual regular session. Main topics of the regular meeting shall include:

Discuss the assessment report on the completion of performance targets by the Company's management of the previous year; and discuss the report concerning the preparation of the performance contract of the Company's management of the year.

Article 10 The Remuneration and Assessment Committee may entrust the Secretary of the Board of Directors to handle the following routine work:

- (1) distribute the agenda and related support materials to the members of the Remuneration and Assessment Committee seven days prior to each meeting of the Remuneration and Assessment Committee;
- (2) collect the views of all participating members after the meeting, prepare the representations of the Remuneration and Assessment Committee and distribute it to the members present to sign.

Article 11 The decisions and opinions made by the Remuneration and Assessment Committee shall be reported to the Board of Directors of the Company in written form.

CHAPTER 4 APPENDICES

Article 12 The “above” in the Terms of Reference includes the base number, and “day” refers to a working day. Unless otherwise specified, the terms used herein shall have the same meaning as ascribed to them in the Articles of Association.

Article 13 The “independent director” referred herein has the same meaning as “independent non-executive director” under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Article 14 The Terms of Reference shall be construed and amended by the Board of Directors.

Article 15 The Terms of Reference is prepared in Chinese. In case of discrepancies between the versions in other languages and the Chinese version, the Chinese version shall prevail.

Article 16 The Terms of Reference shall come into effect and be implemented from the date upon consideration and approval by the Board of Directors, and consideration and approval of the Articles of Association by the shareholders’ meeting.