



## 河北建設集團股份有限公司

# HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(stock code: 1727)**

## TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE UNDER THE BOARD OF DIRECTORS OF HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

### Chapter 1 General Provisions

- Article 1 In order to further improve the appraisal and remuneration systems for the directors and senior management as well as the corporate governance structure of Hebei Construction Group Corporation Limited (the “**Company**”), the Remuneration and Appraisal Committee under the board of directors of Hebei Construction Group Corporation Limited (the “**Committee**”) is established with these terms of reference (these “**Terms**”) in accordance with the Company Law of the People’s Republic of China, the Standards of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), the Articles of Association of Hebei Construction Group Corporation Limited (the “**Articles**”), the Rules of Procedures for the Meetings of the Board of Directors of Hebei Construction Group Corporation Limited and other relevant laws, regulations and regulatory documents.
- Article 2 The Committee is a special committee under the board of directors and is mainly responsible for formulating the appraisal standards and conducting appraisal for the directors and senior management of the Company, and setting up and reviewing the remuneration policy and packages for the directors and senior management of the Company.
- Article 3 The Committee shall be accountable and report to the board of directors.
- Article 4 The reference of “directors” herein refers to all directors of the Company, while “senior management” refers to the president, vice president, chief engineer, chief economist, chief accountant, secretary to the board of directors appointed by the board of directors and other senior management as provided under the Articles.

### Chapter 2 Composition and Executive Body of the Committee

- Article 5 The Committee shall consist of no less than three directors, with a majority of whom being independent non-executive directors.

Members of the Committee shall be nominated by the chairman of the board of directors and appointed by the board of directors upon approval by more than half of the directors.

- Article 6 The Committee shall have a chairman who shall be an independent non-executive director. The chairman of the Committee shall be nominated by the chairman of the board of directors and appointed upon approval of the board of directors.
- Article 7 The term of office of the Committee shall be the same as that of the board of directors, and the term of office of a Committee member shall be the same as his/her term of office as a director. Committee members may be re-elected upon expiry of their terms of office. A member of the Committee shall, ipso facto, cease to be a member when he/she is no longer a director of the Company. A member shall not be removed without cause before the expiration of his/her term, unless there is any circumstance that he/she shall not be in office in accordance with the laws, regulations, the Articles or these Terms.
- Article 8 A Committee member may tender his/her resignation to the board of directors during his/her term of office by giving a written resignation to explain the reason for resignation and matters which need to be brought to the attention of the board of directors. If the number of members falls below the minimum number as provided herein, the resigning member shall continue to perform his/her duties until the alternate member of the board of directors takes office.
- Article 9 The Committee members are subject to changes during their terms of office if proposed by the chairman of the board of directors and approved by the board of directors.
- Article 10 A member of the Committee may also hold membership of other special committees under the board of directors provided that he/she is able to perform his/her duties for the Committee as required.
- Article 11 If the number of the Committee members falls below the minimum number as provided herein, the board of directors shall make up the shortfall in accordance with these Terms.
- Article 12 With the coordination of the office of the board of directors, the human resources department of the Company shall act as the executive body of the Committee to provide support and services and perform duties assigned by the Committee.

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

- Article 13 The primary responsibilities of the Committee include:
- (1) to make recommendations to the board of directors regarding the overall remuneration policy and structure for the directors and senior management of the Company and on the establishment of formal and transparent procedures for developing the remuneration policy;

- (2) to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and to make recommendations to the board of directors on the remuneration of non-executive directors. The factors to be considered by the Committee include requirements of relevant laws and regulations, salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management, the employment conditions of other positions within the Company and whether salaries should be determined on the basis of performance;
- (3) to formulate management measures on the performance evaluation of the senior management of the Company, make evaluation plans and determine evaluation objectives;
- (4) to review and approve the performance-based remuneration packages by making reference to the corporate objectives approved from time to time by the board of directors;
- (5) to examine and approve the compensation payable to executive directors and the senior management for any loss or termination of office or appointment to ensure that the compensation conforms to contractual terms or, in case the compensation does not conform to contractual terms, is fair and reasonable and places no undue burden on the Company;
- (6) to review and approve compensation arrangements relating to dismissal or removal of directors due to misconduct to ensure that such compensation arrangements are determined in accordance with the relevant contractual terms or are otherwise reasonable and appropriate;
- (7) to supervise the performance evaluation and remuneration assessment of the persons in charge of internal departments, branch entities and subsidiaries of the Company (except for those in charge of the internal audit department);
- (8) to ensure that no director or any of his/her associates (as defined in the Hong Kong Listing Rules) is involved in deciding his/her own remuneration;
- (9) to review the performance of duties by the directors and senior management and to conduct annual evaluation on their performance;
- (10) to make recommendations to the board of directors on policies of and plans on the salary, benefits, rewards and punishments of the Company, and monitor the implementation thereof;
- (11) the Committee may appoint professional bodies to assist it in the performance of the above duties;
- (12) to perform other duties as granted by the laws and regulations, and relevant regulatory requirements of the place where the Company is listed, such as the Hong Kong Listing Rules, these Terms and by the board of directors.

Article 14 Responsibilities of the chairman of the Committee include:

- (1) to convene and preside over the regular and extraordinary meetings of the Committee;
- (2) to supervise and examine the performance of the Committee and implementation of the resolutions of the Committee;
- (3) to sign the relevant documents of the Committee;
- (4) to report the work of the Committee to the board of directors;
- (5) to perform other duties as required by the laws and regulations, and relevant regulatory requirements of the place where the Company is listed, such as the Hong Kong Listing Rules, these Terms and by the board of directors.

Article 15 Major responsibilities of a Committee member include:

- (1) to attend meetings of the Committee punctually, and express opinions on the matters discussed thereon and exercise voting rights at the meetings;
- (2) to propose matters for discussion at the meetings of the Committee;
- (3) to attend or observe relevant meetings of the Company, conduct studies and researches, and obtain reports, documents, materials and other information necessary for the performance of his/her responsibilities;
- (4) to fully understand the responsibilities of the Committee as a whole and those as a member of the Committee, and acquaint himself/herself with the operation, management, business activities and development of the Company to ensure his/her capacity for the performance of responsibilities;
- (5) to guarantee that he/she has devoted sufficient time and attention to fulfil his/her responsibilities;
- (6) to perform other duties as required by the laws and regulations, and relevant regulatory requirements of the place where the Company is listed, such as the Hong Kong Listing Rules, these Terms and by the board of directors.

Article 16 The executive body of the Committee shall be responsible for the preparation of the following information in order to facilitate the decision-making process of the Committee:

- (1) major financial indicators of the Company and achievement progress of the operating targets;
- (2) scope of duties and major responsibilities of the senior management of the Company;

- (3) fulfillment of performance evaluation indicators by the directors and senior management;
- (4) estimates used for the formulation of performance-based remuneration packages of the Company.

#### **Chapter 4 Meetings of the Committee**

- Article 17 Meetings of the Committee can be classified as regular meetings and extraordinary meetings.
- Article 18 The Committee shall hold at least two regular meetings every year, and the notice of the meeting in writing shall be served to all members three days before such meeting.
- Article 19 The Committee may convene extraordinary meetings when necessary. In any of the following circumstances, the chairman of the Committee shall issue a notice to convene a meeting within three days from the occurrence of the followings:
- (1) in circumstances as deemed necessary by the board of directors;
  - (2) in circumstances as deemed necessary by the chairman of the Committee;
  - (3) when proposed by two or more members of the Committee.
- Article 20 The executive body of the Committee shall issue the notice of meeting in writing to each of the Committee members and relevant persons being invited to attend the meeting three days prior to the date of the meeting (except in special circumstances where the requirement of a prior notice is exempted, provided that the chairman of the meeting shall provide explanation at the meeting). The notice of meeting shall contain information on the form, time, venue, duration and agenda of the meeting, time of issuance of the notice, name and contact information of the contact person of the meeting and other relevant information.
- Article 21 Upon receipt of the notice, all Committee members shall promptly provide confirmation and relevant replies (including but not limited to the confirmation of attendance, schedule and other matters) via a proper means.
- Article 22 All members of the Committee shall attend the meeting in person. If a member is unable to attend the meeting in person, such member shall, by signing and submitting a letter of proxy, authorize another member of the Committee to attend and express opinion at the meeting on his/her behalf. Such letter of proxy shall expressly state the scope and term of the authorization. Each member may appoint only one other member as his/her proxy to exercise the voting right on his/her behalf. Where a member authorizes two or more other members to exercise the voting right on his/her behalf, such authorization shall be invalid. In addition, no member shall accept any such authorization from two or more other members concurrently.

The members attending a meeting on behalf of another member shall exercise the rights within the scope of authorization. If a member does not attend a meeting in person or authorize another member to exercise the rights on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting, he/she shall be deemed to have waived his/her rights.

A member who is unable to attend a meeting in person may also exercise his/her rights by submitting in writing his/her opinion with respect to any matter to be discussed, provided that such written opinion shall be submitted to the executive body of the Committee before the meeting at the latest.

Article 23 If a member does not attend a meeting in person or authorize another member to attend such meeting on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting on two consecutive occasions, or if such member fails to attend in person three-quarters of all meetings of the Committee held during any year, such member shall be deemed incapable of performing the duties of the Committee, and the board of directors may replace him/her in accordance with these Terms.

Article 24 The quorum of a Committee meeting shall be the presence of at least two members. Meetings of the Committee shall be presided over by the chairman of the Committee, who may appoint another member to act on his/her behalf when he/she is unable to attend the meeting. If the chairman of the Committee neither performs his/her duties nor designates another member to act on his/her behalf, any member may report above situation to the board of directors, and the board of directors shall designate another member who is an independent non-executive director to perform the duties of the chairman.

## **Chapter 5 Procedures of Meetings**

Article 25 Each member of the Committee shall have one vote. A resolution of the meeting shall be passed by a simple majority of the votes of all members. In the event that the meeting fails to reach a valid resolution due to the abstention of any member, the relevant matter shall be considered directly by the board of directors.

Article 26 Meetings of the Committee shall be held in the form of on-site meetings in general, and voting shall be conducted by a show of hands or by poll. Under special circumstances, on the premise that the members of the Committee are able to sufficiently express their opinions, with the consent of the chairman of the Committee, meetings may be held by means of correspondence. Where a meeting is conducted by means of correspondence, the Committee members shall submit to the board of directors their written opinions with respect to the matters to be discussed within the period prescribed by the notice of the meeting.

Article 27 All items on the agenda shall be discussed during the meeting of the Committee, and the Committee members shall explicitly, independently and fully express their opinions based on their own judgment. In the case of any different opinions, such different opinions shall be stated in the meeting summaries to be submitted to the board of directors.

- Article 28 The Committee may invite directors, senior management members and relevant experts of the Company, external experts, scholars, intermediary agencies and other relevant persons to sit in on the meeting. Such persons being invited shall give explanation and elaboration on any issues as required by any Committee member.
- Article 29 Where necessary, the Committee may, upon approval by the board of directors, seek for professional advice of external professional personnel or organizations. Any reasonable cost so incurred shall be borne by the Company.
- Article 30 If a member of the Committee is interested in any matter being considered by the Committee, such member shall abstain from the discussion and voting of such matter.
- Article 31 All persons attending the Committee meetings shall keep all matters discussed at the meetings confidential and shall not disclose any such information without authorization.

### **Chapter 6 Minutes and Summary of the Committee Meetings**

- Article 32 Minutes shall be kept for all meetings of the Committee, which shall be prepared by the executive body of the Committee and shall contain the following information:
- (1) serial number, form, date, venue and name of the chairman of the meeting;
  - (2) attendance and absence of members in person or by proxy;
  - (3) name and title of each attendee;
  - (4) agenda of the meeting;
  - (5) main points made by the Committee members and other relevant attendees;
  - (6) name of the person taking the minutes;
  - (7) abstention of any interested member (if any), which shall be specified in the minutes or the relevant resolutions.

All Committee members present at the meeting shall sign the minutes.

- Article 33 After each meeting of the Committee, the executive body of the Committee shall prepare a meeting summary recording the considerations and discussions of the meeting. Copies of the meeting summary shall be submitted to the board of directors of the Company and sent to all Committee members, secretary to the board of directors, the human resources department of the Company and other relevant departments and persons.
- Article 34 Meeting minutes, meeting summary, letters of proxy, written opinions of the members of the Committee and other materials of the meeting shall be kept by the office of the board of directors in accordance with relevant requirements.

## **Chapter 7 Supplementary Provisions**

- Article 35 Unless otherwise stated, terms used in herein shall have the same meanings ascribed to them in the Articles.
- Article 36 For any matter not covered in these Terms, or in the event of any contradiction with any laws, administrative regulations, regulatory documents, and relevant regulatory requirements of the place where the Company is listed, such as the Hong Kong Listing Rules, or the Articles as amended under lawful procedures promulgated after these Terms become effective, such laws, administrative regulations and regulatory documents, and relevant regulatory requirements of the place where the Company is listed, such as the Hong Kong Listing Rules, and the Articles shall prevail. Amendments to these Terms shall be made forthwith and submitted to the board of directors for approval.
- Article 37 These Terms have been considered and approved by the board of directors and shall become effective and applicable from the date on which the shares of the Company are first issued and listed in Hong Kong.
- Article 38 The rights of interpretation and amendment of these Terms shall be vested in the board of directors of the Company.
- Article 39 These Terms are available in both Chinese and English. In case of discrepancy, the Chinese version shall prevail.