

# **FUSHAN INTERNATIONAL ENERGY GROUP LIMITED**

## **REMUNERATION COMMITTEE**

### **TERMS OF REFERENCE**

*(As adopted on 11 December 2009)*

#### Constitution

The remuneration committee (“Committee”) is a committee of the board of directors (“Board”).

#### Membership

The Committee members shall be appointed by the Board from amongst the Company’s directors (“Directors”). A majority of the Committee members should be independent non-executive Directors.

The chairman of the Committee shall be appointed by the Board.

#### Secretary of Committee

The company secretary shall be the secretary of the Committee.

#### Attendance at meetings

A quorum shall be 2 members.

Other Directors, apart from the Committee members, have the right to attend any Committee meetings, though they shall not be counted in the quorum.

#### Frequency of meetings

Meetings shall be held not less than once a year. The Committee members may call any meetings as and when necessary.

#### Authority

The Committee is authorized by the Board to seek any necessary information which is within the Committee’s scope of duties from the employees.

The Committee is authorized by the Board to obtain outside independent professional advice, and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

## Duties

1. To make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.
2. To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.
3. To have the delegated responsibility 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 make recommendations to the Board on the remuneration of non-executive Directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the group and desirability of performance-based remuneration. A significant proportion of executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.
4. To review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.
5. To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.
6. To ensure that no Director or any of his associates is involved in deciding his own remuneration.
7. The Committee shall advise shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under Rule 13.68 of the Listing Rules.

*“Senior management” refers to the same category of persons as referred to in the Company's annual report. It is the responsibility of the Board to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the Board, is appropriate.*

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