



**GUANGDONG ADWAY CONSTRUCTION (GROUP) HOLDINGS COMPANY LIMITED\***

**廣東愛得威建設(集團)股份有限公司**

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

**(Stock code: 6189)**

**(the “Company”)**

## **TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

### **CHAPTER 1 GENERAL PROVISIONS**

The Remuneration Committee is established pursuant to a resolution passed by the board of directors (the “Board”) of the Company on 21 August 2015, terms of reference and procedures of which were amended and adopted by the Board at the board meeting on 16 September 2015.

Article 1 In order to establish a sound administration system of remuneration, appraisal and assessment for directors and senior management of the Company, and pursuant to the Company Law of the People’s Republic of China, Code of Corporate Governance for Listed Companies, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and the Articles of Association of the Company (the “Articles of Association”) and other relevant regulations, the Company has set up the Remuneration Committee of the Board and formulated these terms of reference.

Article 2 The Remuneration Committee is a specific working body set up by the Board in accordance with the Articles of Association. Its main responsibilities are to study the appraising criteria for directors and senior management, conduct appraisals and raise proposals, establish formal and transparent procedures, study and formulate remuneration plans for directors and senior management, advise the Board and supervise the implementation of the remuneration plans.

Article 3 The Remuneration Committee shall be responsible to the Board and report its work to the Board.

\* For identification purpose only

## **CHAPTER 2 COMPOSITION**

Article 4 The Remuneration Committee shall comprise no less than three directors, the majority of whom shall be independent non-executive directors of the Company.

Article 5 Members of the Remuneration Committee shall be appointed and removed by the Chairman of the Board and elected by the Board.

Article 6 The Remuneration Committee shall have a chairman who shall be an independent non-executive director. The chairman of the Remuneration Committee shall be responsible for leading the work of the Remuneration Committee. Where the chairman cannot perform his/her duties, another member who is an independent non-executive director shall be appointed to perform duties on his/her behalf. If no such member is appointed by the chairman, an independent non-executive director shall be elected by more than half of the members of the Remuneration Committee to act as chairman. The chairman of the Remuneration Committee shall be elected from the members and be reported to the Board for approval.

Article 7 The term of office of the Remuneration Committee shall be the same as that of the Board. A member may serve consecutive terms if re-elected upon expiry of his/her term. If any member no longer holds the position as director of the Company, he/she shall automatically lose his/her position as committee member, and the vacancy shall be filled by the Board in accordance with the provisions of Articles 4 to 6 above.

Article 8 The Remuneration Committee could have a secretary to assist with the work of the Remuneration Committee. The human resource department of the Company and its department head or other departments or personnel of the Company designated by the Remuneration Committee from time to time shall undertake the relevant work of the secretary of the Remuneration Committee. The secretary of the Remuneration Committee shall be responsible for collecting and providing information in relation to remuneration policies, performance evaluation and appraisal for directors and senior management of peer companies and providing advices to the Remuneration Committee. The secretary shall also be responsible for the preparation of relevant meeting documents.

## **CHAPTER 3 DUTIES AND AUTHORITIES**

Article 9 The Remuneration Committee should make its terms of reference publicly available, explaining its role and the authority delegated to it by the Board on the websites of The Stock Exchange of Hong Kong Limited. The main duties and authorities of the Remuneration Committee include:

- (1) To advise the Board on the general remuneration policy and structure of all directors and senior management and on the establishment of formal and transparent procedures for developing such remuneration policy;
- (2) To review and approve the management's remuneration plans with reference to the Board's corporate goals and objectives;

- (3) Either:
- (i) To determine, with responsibility delegated by the board, the remuneration packages of individual executive directors and senior management; or
  - (ii) To advise the Board on the remuneration packages of individual executive directors and senior management;

This should include benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);

- (4) To advise the Board on the remuneration of non-executive director(s);
- (5) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (6) To review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms or is otherwise fair and not excessive;
- (7) To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms or are otherwise reasonable and appropriate;
- (8) To ensure that no director or any of his/her associates is involved in deciding his/her own remuneration; and
- (9) To handle other matters authorized by the Board.

Article 10 Details of remuneration of senior management shall be disclosed in the annual report according to the scale of remuneration. The remuneration plans for directors of the Company proposed by the Remuneration Committee shall first be approved by the Board and then be submitted to the shareholders' general meeting for consideration and approval before they can be implemented, while remuneration plans for senior management are required to be reported to the Board for consideration and approval. The remuneration plans proposed by the Remuneration Committee shall not impair shareholders' interests.

Article 11 When the Remuneration Committee conducts an appraisal on senior management, the secretary to the Remuneration Committee shall provide the following information, including but not limited to:

- (1) Status of achievement of major financial indicators and operating goals of the Company;
- (2) Scope of work and performance of main duties of senior management;
- (3) Status of target achievement in relation to the work performance appraisal system of senior management; and
- (4) Remuneration plans for senior management and the basis for such plans.

#### **CHAPTER 4 RULES OF PROCEDURES FOR MEETINGS**

Article 12 Regular meetings of the Remuneration Committee shall be held at least once a year. In principle, the meeting shall be held concurrently with the regular meetings convened by the Board. A notice of meeting shall be given to all members at least seven days prior to the meeting, but such notice period can be waived by consent of all members.

Article 13 The chairman of the Remuneration Committee or more than half of the members of the Remuneration Committee can propose to convene an extraordinary meeting. A notice of extraordinary meeting shall be given to all members at least five days prior to the meeting, but such notice period can be waived by consent of all members.

Article 14 The members of the Remuneration Committee shall attend the meeting in a serious and responsible manner and clearly express their views on the proposals considered. In case a member is unable to attend the meeting of the Remuneration Committee in person, he/she shall appoint another member in writing as a proxy to vote on his/her behalf, and the member giving the proxy shall bear legal responsibility independently.

The power of attorney shall state the name of such proxy, the relevant matters, scope of authorization and validity period, and shall be signed by the appointer or a chop shall be affixed. The member attending a meeting on behalf of other member shall produce such power of attorney and exercise the rights within the scope of authorization.

Article 15 If a member of the Remuneration Committee fails to attend meetings in person consecutively for two times where such member also fails to appoint other members to attend on his/her behalf, such member shall be deemed as failure to perform his/her duties. The Remuneration Committee shall propose to the Board to remove such member.

Article 16 The meetings of the Remuneration Committee can only be held when more than half of its members are present. The meetings shall be held by way of physical meetings in principle and can be held by way of telecommunication (i.e. more than half of the members attending the meeting via means of communication such as telephone and video) provided that the members are able to freely express their views and the procedures are in compliance to relevant regulatory requirements. Any resolution shall be passed by a majority (more than half) of votes. A written resolution can be adopted if all members agree and sign. Members of the Remuneration Committee cannot vote in respect of resolutions which conflict with his/her interests.

Article 17 All meetings shall be chaired by the chairman of the Remuneration Committee. The chairman of the Remuneration Committee can appoint another member who is an independent non-executive director to chair the meeting if he/she is not able to attend this meeting.

Article 18 The Remuneration Committee shall vote by a show of hands or by a poll, and each member is entitled to one vote. Approval of any resolution at a Remuneration Committee meeting shall require more than one half of the votes.

Article 19 Directors and senior management of the Company who are not members of the Remuneration Committee can be invited to attend such meetings if necessary.

Article 20 Where a meeting of the Remuneration Committee is convened to review the performance or to evaluate the remuneration of an individual director or senior management, such person shall be abstained from the meeting.

Article 21 Minutes of the Remuneration Committee meetings shall be recorded by the office of the Board or other departments designated by the Board and shall contain in detail the matters considered and decisions made by the Committee over the meeting. Attending members shall have rights to request to add explanatory notes to their speeches in the minutes, including any concerns raised or dissenting views expressed by members. Draft version of minutes of Remuneration Committee meetings shall be sent by the office of the Board or other departments designated by the Board to all members of the Committee for their comment within a reasonable time after the meeting and final versions of minutes will be sent to all directors. Minutes shall be signed by members of the Committee attending the meeting. The complete minutes of the meeting of the Remuneration Committee shall be kept by a duly-appointed secretary of the meeting.

Article 22 Resolutions passed at the meeting of the Remuneration Committee and the voting results shall be reported in writing to the Board.

Article 23 Members of the Remuneration Committee and other persons present at a meeting shall be obliged to keep all matters discussed at such meeting confidential, and shall not disclose any relevant information without authorization.

Article 24 The Remuneration Committee shall consult chairman of the Board and/or general manager in making recommendation on remuneration plans for other executive directors. The Remuneration Committee may consult external experts and intermediaries for independent professional advice on its decisions if necessary, and the Company shall bear costs incurred.

Article 25 The office of the Board or other department designated by the Board shall be responsible for submitting proposals, organizing meetings, overseeing the implementation and feedback of the resolutions of the Remuneration Committee and liaising and coordinating with the Remuneration Committee and the secretary. The Remuneration Committee shall be provided with sufficient resources to perform its duties and the relevant departments of the Company shall cooperate accordingly.

## **CHAPTER 5 SUPPLEMENTARY PROVISIONS**

Article 26 In these terms of reference, the scope “above” a number shall include the number itself while the scope “more than” a number shall exclude the number itself.

Article 27 These terms of reference are passed by the Board of the Company and shall be effective and put in use from the date on which overseas-listed foreign shares (H Shares) of the Company were listed on The Stock Exchange of Hong Kong Limited.

Article 28 Any matters not covered by these terms of reference or in any event that these terms of reference contravene any laws, regulations, rules, regulatory documents, rules governing the listing of securities on the listing place of the shares of the Company and the Articles of Association of the Company, the laws, regulations, rules, regulatory documents, rules governing the listing of securities on the listing place of the shares of the Company and the Articles of Association of the Company shall prevail.

Article 29 The power of interpretation of these terms of reference shall be vested in the Board of the Company.

*These terms of reference are written in Chinese. If there is any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.*