

Effective on 01/04/2012

CHINA EVERBRIGHT INTERNATIONAL LIMITED

**TERMS OF REFERENCE
OF THE REMUNERATION COMMITTEE**

China Everbright International Limited

Terms of Reference of the Remuneration Committee

Formation

1. The Remuneration Committee (the “Committee”) was formed pursuant to the board resolution of China Everbright International Limited (“the Company”) passed on 25 September 2003.

Composition and Quorum

2. The chairman and members of the Committee shall be appointed by the Board of the Company and shall consist of not less than four members, a majority of whom should be independent non-executive directors. A quorum shall be three members (at least two shall be independent non-executive directors).
3. The Chairman of the Committee should be an independent non-executive director.
4. The meetings and proceedings of the Committee are governed by the provisions contained in the articles of association of the Company for regulating meetings and proceedings of the Board.

Authority

5. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
6. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

7. The duties of the Committee shall be :
 - a. to make 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;

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- b. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- c. to determine, with delegated responsibilities, 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.
- d. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- e. 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 and is otherwise fair and not excessive;
- f. to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- g. to make recommendations to the Board on the remuneration of non-executive directors;
- h. to ensure that no director or any of his associates is involved in deciding his own remuneration;
- i. to consult the Chairman and/or the Chief Executive Officer of the Company about their remuneration proposals for other executive directors. The Remuneration Committee should have access to independent professional advice if necessary; and
- j. to consider other topics as defined by the Board.

Secretary of the Committee

- 8. The Company Secretary of the Company shall be the secretary of the Committee. The secretary will be responsible for the preparing of the meetings of the Committee.

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Frequency and Proceeding of meetings

9. The Committee shall hold at least one meeting each year. The meeting shall be chaired by the chairman of the Committee. In the absence of the chairman of the Committee, the other members present shall elect one of them to chair the meeting.

10. The meetings and proceedings of the Committee are governed by the provisions contained in the articles of association of the Company for regulating meetings and proceeding of the Board.

Reporting procedures

11. The secretary shall circulate the minutes of meetings to all members of the Committee.