

瀋陽公用發展股份有限公司

Shenyang Public Utility Holdings Company Limited

(Incorporated in the People's Republic of China with limited liability)

(Stock Code: 747)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE (the Committee)

1 Constitution

1.1 The Committee was formed pursuant to the Board resolution of Shenyang Public Utility Holdings Company Limited (the Company) passed on 13 February 2012.

2 Membership

2.1 The Remuneration Committee shall be appointed by the Board from time to time and shall consist of not less than three directors, a majority of which shall be independent non-executive directors who shall meet and maintain the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

2.2 The Chairman of the Committee shall be appointed by the Board, and must be an independent non-executive director.

3 Secretary

3.1 The Company's company secretary shall be the Secretary of the Committee.

3.2 In the absence of the Secretary, the members present at the meeting of the Committee shall elect any member present or any other person present to take minutes for the meeting.

4 Meetings

4.1 The Committee shall meet at least once every year, or more frequently if circumstances require.

4.2 A meeting of the Committee may be convened by any of its members, or by the Secretary at the request of any of the members of the Remuneration Committee.

4.3 Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication. A member in the absence due to any reason may authorize any other member of the Committee to attend the meeting in written form, and the scope of the authority should be stated clearly in the letter of authorization.

4.4 Meetings of the Committee shall be held with at least two-thirds of the members, and only the members of the Committee may vote at meetings. In

passing the resolutions at meetings of the Committee, a majority of the members present and voting shall be required.

- 4.5 The Secretary of the Committee shall prepare and keep minutes of meetings. Both the draft and the final minutes shall be sent to the members of the Committee for their review and records within a reasonable time after the conclusion of the meeting. The minutes of meetings shall be made available for inspection by any director of the Company.

5 Authority

- 5.1 The Committee is authorized by the Board to make recommendation to the Board on the remuneration payable to executive directors and members of senior management, the emolument policies and the basis for determining such emoluments. It shall ensure that no director should be involved in deciding his own remuneration.
- 5.2 The Committee is authorized by the Board to obtain professional advice and assistance from internal or external legal, accounting or other advisers at the expense of the Company if necessary.
- 5.3 The Committee shall have full access to management and may invite members of management or others to attend its meetings. The Committee shall consult the chairman and/or chief executive officer of the Company about their proposals relating to the remuneration of other executive directors.
- 5.4 The Committee shall be provided with sufficient resources to perform its duties.

6 Duties

- 6.1 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;
- 6.2 To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 6.3 To make recommendations to the Board on the specific remuneration packages of individual 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 the remuneration on non-executive directors. The Remuneration Committee shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities and employment conditions of the Company and its subsidiaries. The Remuneration Committee shall also ensure that the remuneration levels should be sufficient to attract and retain directors to run the Company successfully without paying more than necessary;
- 6.4 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;

- 6.5 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;
- 6.6 To ensure that no director or any of his associates is involved in deciding his own remuneration;
- 6.7 To advise shareholders of the Company on how to vote in respect of any service contracts of directors that require shareholders' approval in accordance with the Listing Rules; and
- 6.8 To review from time to time as appropriate these Terms of Reference and the effectiveness of the Remuneration Committee and recommend to the Board any necessary changes.

7 Reporting Procedures

- 7.1 The Remuneration Committee shall report to the Board on a regular basis.