



Chengdu Expressway Co., Ltd.

成都高速公路股份有限公司

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

(Stock Code: 01785)

**TERMS OF REFERENCE OF
THE REMUNERATION AND EVALUATION COMMITTEE
UNDER THE BOARD OF DIRECTORS OF
CHENGDU EXPRESSWAY CO., LTD.**

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to further enhance the management system of appraisal and remuneration of directors and senior management of Chengdu Expressway Co., Ltd. (the “Company”) and improve the corporate governance structure of the Company, the Board of Directors of the Company has established the Remuneration and Evaluation Committee (the “Committee”) and promulgated these terms of references in accordance with the PRC Company Law, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HK Listing Rules”), and the Articles of Association of Chengdu Expressway Co., Ltd. (the “Articles”) and other relevant rules.

Article 2 The Remuneration and Evaluation Committee is a special working body set up by the Board of Directors pursuant to the Articles. It shall be responsible for formulating the appraisal criteria and plans of directors and senior management, and formulating remuneration policies and plans regarding the directors and senior management, and submit the same to the Board of Directors for approval. The Committee is accountable to the Board of Directors.

Article 3 For the purpose of these terms of reference, “directors” refers to executive directors, non-executive directors (excluding employee directors) and independent non-executive directors of the Company, and “senior management” refers to the general manager, the vice general manager, chief accountant, chief engineer and secretary of the Board of Directors appointed by the Board of Directors.

For the purpose of these terms of reference, “remuneration” includes but not limited to all the salaries, bonus, allowances, benefits (in cash or in kind), pension, compensation (including the compensation payable due to loss or termination of office or appointment), grant of options and shares.

CHAPTER 2 COMPOSITION

Article 4 The Remuneration and Evaluation Committee shall comprise three directors, the majority of which are independent non-executive directors and the members of which shall be recommended by the chairman of the Board of Directors after discussion with relevant directors subject to consideration and approval by the Board of Directors. The qualification of members shall meet the independence requirements for directors stipulated by laws and regulations, the HK Listing Rules and the Articles.

Article 5 The Remuneration and Evaluation Committee shall have one chairman who shall be an independent non-executive director, and be in charge of the work of the Committee. The chairman shall be nominated by the chairman of the Board of Directors and appointed by the Board of Directors. The main powers and duties of the chairman are as below:

- (i) convening and presiding over regular and ad-hoc meetings of the Committee;
- (ii) determining the procedures of each meeting of the Committee;
- (iii) signing material documentation of the Committee;
- (iv) ensuring that the Committee reaches a clear conclusion to each proposal which includes passed, rejected or discussed after the materials are supplemented;
- (v) other authorities and duties provided in these terms of reference.

Article 6 The terms of office of the members of the Remuneration and Evaluation Committee shall be in conformity with that of their directorship. Members of the Committee may be re-elected or re-appointed at the expiry of their terms of office.

No members shall, before the expiration of their terms of office, be removed from office without reason except for the circumstances that require dismissal as stipulated in the laws and regulations, regulatory requirements, the Articles or these terms of reference.

If any member ceases to be a director of the Company or cannot continue to be a director due to other reasons during his/her terms of office, he/she shall be automatically disqualified from acting as a committee member, and such vacancy shall be filled by the Board of Directors pursuant to Article 4 of these terms of reference.

Any change in the membership of the Remuneration and Evaluation Committee shall be announced in accordance with the regulatory requirements at the place where the Company's shares are listed.

CHAPTER 3 DUTIES AND RESPONSIBILITIES

Article 7 The primary duties of the Remuneration and Evaluation Committee are as below:

- (i) advising to the Board of Directors on the overall remuneration policy and framework for directors and senior management members, and on the establishment of standardized and transparent remuneration policy formulation procedures;
- (ii) studying assessment criteria, performance evaluation procedures, remuneration and rewards and punishment policies for directors and senior management members and submitting it to the Board of Directors for approval;
- (iii) formulating the management rules on performance evaluation of directors and senior management members of the Company, preparing the evaluation plan and determining the evaluation objectives;

- (iv) reviewing and approving proposals on senior management's remuneration in accordance with the Company's guidelines and targets approved by the Board of Directors;
- (v) formulating and advising to the Board of Directors the remuneration packages for directors and senior management members and submitting the same to the Board of Directors for approval;

In formulating the remuneration packages for directors and senior management members, factors to be considered by the Remuneration and Evaluation Committee include the Company's guidelines and targets, remuneration paid by comparable companies, the time and duties required from such directors and senior management members, employment conditions elsewhere within the Company, etc.;

- (vi) reviewing and approving the compensation for the loss or termination of the office or appointment of the executive directors and senior management members to ensure that it is consistent with relevant contractual terms; in case of any inconsistency, such compensation shall be fair, reasonable and not excessive;
- (vii) reviewing and approving the compensation arrangements with regard to the dismissal or removal of directors due to their misconduct to ensure that they are consistent with relevant contractual terms; in case of any inconsistency, such compensation shall be proper and reasonable;
- (viii) ensuring any director or any of their associates not to determine by themselves, or be involved in determining, their remuneration;
- (ix) supervising the implementation of the Company's remuneration policies;
- (x) studying and advising to the Company's equity incentive proposal and submitting the same to the Board of Directors for approval;
- (xi) reporting to the Board of Directors on their decisions or recommendations, unless as restricted by laws or regulations;
- (xii) other matters authorized by the Board of Directors;
- (xiii) other relevant requirements for powers and duties of the Committee according to laws and regulations, regulatory requirements and the regulatory rules of the place where the shares of the Company are listed as amended from time to time.

Article 8 The Company's human resources management department is the supporting and coordination department of the Remuneration and Evaluation Committee, and is responsible for such work as preparing and issuing meeting notice and meeting documents, daily contacts with the chairman of the Remuneration and Evaluation Committee, preparing and reporting meeting minutes and meeting resolutions. The Committee may source supports from the Company's relevant departments or personnel upon a temporary designation according to work requirements. The secretary of the Board of Directors is responsible for coordinating work among the Remuneration and Evaluation Committee, the supporting and coordination department of the Remuneration and Evaluation Committee and the Board of Directors' office and shall attend the meetings of the Remuneration and Evaluation Committee.

Article 9 The Remuneration and Evaluation Committee shall be accountable to the Board of Directors. Any proposal of the Remuneration and Evaluation Committee shall be submitted to the Board of Directors for consideration and approval unless otherwise authorized by the Board of Directors.

Article 10 The remuneration plan of directors of the Company proposed by the Remuneration and Evaluation Committee shall be approved by the Board of Directors, and be implemented upon approval of the general meeting of shareholders. The remuneration distribution plan of senior management members of the Company shall be subject to approval of the Board of Directors.

Article 11 The Board of Directors shall have right to veto the remuneration plan which is in compliant with the laws and regulations or against the shareholders' interests.

Article 12 The Remuneration and Evaluation Committee shall be provided with sufficient resources to perform its duties and responsibilities and, if necessary, may engage intermediate agencies to provide independent professional opinions on its decisions. The reasonable expenses arising therefrom shall be borne by the Company.

Article 13 At the invitation of the chairman of the Board of Directors, the chairman of the Remuneration and Evaluation Committee, or in his/her absence, another member or his/her authorized representative, shall attend and answer questions at the Company's annual general meetings.

Article 14 The Remuneration and Evaluation Committee shall make its terms of reference available on the websites of the Company or the stock exchange on which the Company's shares are listed, to explain its role and powers delegated to it by the Board of Directors in accordance with the relevant requirements under the regulatory rules in the place where the Company's shares are listed.

CHAPTER 4 WORKING PROCEDURES

Article 15 The human resources management department is primarily responsible for the preparatory work for the Remuneration and Evaluation Committee in making decisions and offering the relevant written materials timely, completely and truthfully as required by the Remuneration and Evaluation Committee, including:

- (i) achievement of the major financial indicators and operation targets of the Company;
- (ii) scope of duties and performance of main responsibilities by the senior management members of the Company;
- (iii) performance of directors and senior management members in meeting targets in the performance appraisal system;
- (iv) the estimation basis of the remuneration plan and distribution method of the Company prepared in accordance with the results of the Company.

Article 16 The evaluation procedures of the Remuneration and Evaluation Committee on the directors and senior management are as below:

- (i) the directors and senior management of the Company shall report to the Remuneration and Evaluation Committee and perform self-assessment;
- (ii) the Remuneration and Evaluation Committee shall conduct performance appraisal on directors and senior management in accordance with the performance appraisal standard and procedure;
- (iii) the innovation capability and business potential of the directors and senior management of the Company shall be assessed;
- (iv) preliminary evaluation results shall be formed after taking into account the Company's annual operational target achievements and industry remuneration levels;
- (v) communicate the evaluation results with the individuals being evaluated and listen to their feedback.

Article 17 The Committee shall propose the remuneration amount and forms of reward for directors and senior management in accordance with the performance appraisal results and remuneration distribution policies, which shall be submitted to the Board of Directors for approval after being passed.

CHAPTER 5 RULES OF PROCEDURES

Article 18 The Remuneration and Evaluation Committee shall hold at least one regular meeting a year.

Article 19 The Remuneration and Evaluation Committee shall hold an ad-hoc meeting if proposed by the chairman of the Committee, two or more members of the Committee, or the Board of Directors or the chairman of the Board of Directors.

Article 20 A notice shall be given to all members of the Remuneration and Evaluation Committee by the supporting and coordination department three days prior to the convening of a meeting and the relevant information shall be submitted to each member. In case of emergency that requires the Committee to convene a meeting as soon as possible, the Committee may give a notice of the meeting on that day by phone, fax, or e-mail, but the chairman of the Committee must give an explanation at the meeting.

Article 21 A meeting of the Remuneration and Evaluation Committee shall be presided over by the chairman, or if he/she is unable to attend, another member of the Committee (being an independent non-executive director) designated by him/her.

Article 22 A meeting of the Remuneration and Evaluation Committee shall not be held unless attended by more than two-thirds of its members. Members of the Remuneration and Evaluation Committee shall attend the meeting in person or in a manner of teleconference or by aid of similar communication equipment. Attendance via teleconference or similar communication equipment shall be deemed as attendance in person. If the member is unable to attend the meeting for certain reason, he/she may authorize another committee member in writing to attend the meeting on his/her behalf. The power of attorney shall set forth the scope of authorization.

Article 23 If a meeting of the Remuneration and Evaluation Committee is held, the relevant personnel of the Company may be invited to attend the meeting when necessary.

Article 24 The voting at the meetings of the Remuneration and Evaluation Committee shall be taken by show of hands. Each member shall have one vote. Resolutions passed at the meetings must be approved by a majority of all members of the Committee.

Article 25 An ad-hoc meeting of the Remuneration and Evaluation Committee may be held by way of written resolutions. Written resolutions shall be dispatched by facsimile, courier or by hand or other methods to all members, and shall be returned in original copies to the Company for filing after deliberation by the members. A proposal signed by consenting members satisfying the threshold hereunder shall become an effective resolution of the Committee. The written resolutions shall clearly state the deadline for voting, and failure to provide feedback by the deadline shall be deemed an abstention.

Article 26 Where a member of the Remuneration and Evaluation Committee is involved in the matter being discussed at the meetings of the Committee or a vote is taken thereon, he/she shall be abstained from attending such meetings.

Article 27 The procedures for convening the Remuneration and Evaluation Committee meetings, the voting method and the resolutions passed at such meetings shall be in compliance with the provisions of the relevant laws, regulations, regulatory requirements, the Articles and these terms of reference.

Article 28 Resolutions passed at the meetings of the Remuneration and Evaluation Committee and any vote results shall be reported to the Board of Directors of the Company in writing.

Article 29 Persons participating in the meetings of the Remuneration and Evaluation Committee shall undertake confidentiality obligations for all items discussed at the meetings and shall not disclose any information in relation to the meetings unless authorized by the chairman of the Board of Directors or the Board of Directors of the Company.

Article 30 The supporting and coordination department of the Remuneration and Evaluation Committee shall record complete minutes. Members of the Committee who attend the meeting shall sign on the minutes. The supporting and coordination department shall retain the meeting minutes in line with the Company's file management policy and provide a copy to the Board office of the Company for backup and inspection by directors at any time.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 31 Unless otherwise specified, the terms used herein shall have the same meanings ascribed thereto under the Articles.

Article 32 Any matters not covered by these terms of reference or in the event that these terms of reference are inconsistent with the laws, regulations, regulatory requirements, the HK Listing Rules as amended from time to time, or the Articles which are formulated or revised by lawful procedures, after these terms of reference become effective, such laws, regulations, regulatory requirements, the HK Listing Rules or the Articles shall prevail and these term of reference shall be amended forthwith and submitted to the Board of Directors of the Company for approval.

Article 33 These terms of reference shall become effective on the date of consideration and approval at the meeting of the Board of Directors of the Company, and the original terms of reference shall be repealed simultaneously.

Article 34 Interpretation of these terms of reference shall be vested in the Board of Directors of the Company.