

Jiangsu Expressway Company Limited
Rules of Procedures for the Remuneration and Appraisal
Committee

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Revision History:

May 28, 2002	Approved at the 2001 Annual General Meeting
March 23, 2012	Amended at the 23rd Meeting of the 6th Session of Board of Directors

Chapter I General Provisions

- Article 1 In accordance with the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Articles of Association of the Company and other relevant rules and regulations, a Remuneration and Appraisal Committee (hereinafter referred to as the "**Committee**") is established under the Board of Directors (hereinafter referred to as the "**Director(s)**", or collectively as the "**Board**") of Jiangsu Expressway Company Limited (hereinafter referred to as the "**Company**") so as to put in place and perfect an appraisal and remuneration management system for the Directors and senior management of the Company (hereinafter referred to as the "**Senior Management**") and improve corporate governance structure. (*Hong Kong Listing Rules 3.25*)
- Article 2 The Committee is a special standing committee established under the Board and has responsibilities for studying and formulating the Company's remuneration policies and incentive mechanism, and establishing appraisal standards and conducting such appraisal for the Directors and Senior Management. The Committee shall be accountable to the Board.
- Article 3 These Rules of Procedures (hereinafter referred to as the "**Rules**") for the Committee specify and define the powers and terms of reference of the Committee and shall serve as an important basis and guidelines for the practice of the Committee.
- Article 4 The Committee shall, based on these Rules, exercise the powers delegated by the Board, perform duties and responsibilities, report and make recommendations to the Board, and assist the Board to complete relevant work, in order to improve the operation efficiency, reporting quality, transparency and objectivity of the Board.
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Chapter II Composition

Article 5 The Committee has been established by resolution of the Board and shall consist of no less than three and no more than five Directors and be chaired by a chairman who shall be an independent non-executive Director. All appointments to the Committee shall be made by the Board. The majority of the members of the Committee shall be independent non-executive Directors (*Hong Kong Listing Rules 3.25*).

Article 6 The Committee may set up work units to assist the Committee in respect of coordination and communication with the Board, other committees and other departments of the Company, to be specially responsible for providing relevant information on the Company's business operations and the individuals under appraisal, and to be responsible for preparing committee meetings and implementing relevant resolutions of the Committee.

Article 7 The term of office of the members of the Committee shall be three years, renewable upon re-election upon its expiry. Election of the members of the Committee shall be conducted on a fixed-term basis. In the event that a member of the Committee ceases to be a Director during his term of membership on the Committee, his membership on the Committee shall lapse immediately. The term of office of Committee members should correspond to the term of office of Directors.

Chapter III Terms of Reference

Article 8 The Committee is authorised by the Board to exercise its powers under these Rules. The Committee shall serve as an advisory body to the Board and shall be accountable to the Board rather than having independent powers. The Committee is not authorised to replace the Board in the Board's functions of management and decision-making.

Article 9 The Committee shall consult the Chairman of the Board of Directors and/or the General Manager of the Company about the remuneration proposals for other executive Directors. The Committee shall have access to independent professional advice, if necessary (*Hong Kong Code on Corporate Governance Practices B.1.1*).

Article 10 The Committee may supervise and perform specific matters via its work units, Office of Secretary to the Board or other departments. In the performance of its functions or any investigation as authorised by the Board, the Committee shall be authorised to access relevant information and engage or invite external individuals or institutions with relevant experience and professional expertise to serve as advisors to the Committee on relevant issues, and all the reasonable costs incurred shall be at the expense of the Company. The Company shall provide the Committee with sufficient resources to perform its duties (*Hong Kong Code on Corporate Governance Practices B.1.4*).

Article 11 The Committee shall have the terms of reference as follows:

1. To guide the development, review and amendment of the Company's general remuneration policy and remuneration system (*Hong Kong Code on Corporate Governance Practices B.1.2(a)*);
 2. To take responsibility to develop, review and amend the performance appraisal and remuneration management procedures for Directors and Senior Management;
 3. To appraise the performance of Directors and Senior Management and make recommendation with respect to awards or penalties based on the performance;
 4. To take responsibility to formulate and supervise the implementation of the Company's share option plans or similar medium and long term plans.
 5. To determine the remuneration policy and packages of Directors and Senior Management according to prevail market and trading position of the Company; remunerations include benefits in kind, pension
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- rights and compensation payments (including compensation for loss or termination of their office or appointment) (*Hong Kong Code on Corporate Governance Practices B.1.2(c)*);
6. To make recommendations to the Board on the Company's remuneration policy and structure for Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy (*Hong Kong Code on Corporate Governance Practices B.1.2(a)*);
 7. To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives (*Hong Kong Code on Corporate Governance Practices B.1.2(b)*);
 8. To make recommendations to the Board on remuneration for non-executive Directors (*Hong Kong Code on Corporate Governance Practices B.1.2(d)*);
 9. To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group (*Hong Kong Code on Corporate Governance Practices B.1.2(e)*);
 10. To review and approve the 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 (*Hong Kong Code on Corporate Governance Practices B.1.2(f)*);
 11. 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 (*Hong Kong Code on Corporate Governance Practices B.1.2(g)*);
 12. To ensure that no Director or Senior Management or any of his associates is involved in deciding his own remuneration (*Hong Kong Code on Corporate Governance Practices B.1.2(h)*); and
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13. To perform any other duties and responsibilities consistent with the applicable regulatory rules and any other activities as the Board deems necessary.

Article 12 The proposed remuneration plans and evaluations of Directors and Senior Management prepared by the Committee pursuant to its powers delegated by the Board shall be submitted in the form of reports to the Board and/or the General Meeting of Shareholders for approval.

Article 13 The Committee's proposals on remuneration of the Directors shall be submitted for approval by the Board and then for consideration and approval by the General Meeting of Shareholders before their implementation; proposals on remuneration of the senior management shall be submitted for approval by the Board.

Article 14 Subject to the resolutions of the Board meetings, the Committee shall review, update or revise the Rules periodically to reflect developments and changes of the Company.

Chapter IV Decision-making Procedures

Article 15 The Committee shall hold at least one meeting each year and notify all members five days prior to the meeting. The meeting shall be convened and presided over by the Chairman of the Committee. In the event that the Chairman is unable to attend the meeting, he or she shall authorize another member (which must be an independent Director) to preside over the meeting.

Article 16 The chairman of the Committee shall be responsible for preparing the agenda of the meeting and delegating relevant administrative personnel to prepare all necessary documents. All documents related to the meeting shall be delivered to the members of the Committee three days prior to the meeting.

Article 17 Meetings of the Committee shall be held only with the presence of at least half of its members. Each member shall be entitled to one vote. Resolutions of a meeting must be passed by the affirmative votes of more than half of its members. Resolutions of the Committee shall be passed by a show of hands or by poll. Ad hoc meeting may also be convened in the form of voting by communication in case of emergency.

Article 18 The Committee may, if necessary, based on the matters discussed, invite other members of the Board, external professionals, consulting firms, or Senior Management of the Company to attend meetings of the Committee.

Article 19 The procedures and voting methods of meetings of the Committee as well as the resolutions passed at the meetings must comply with relevant laws, regulations, the Company's Articles of Association and these Rules. All topics discussed at a meeting of the Committee shall be reported in writing to the Board for its review.

Article 20 The Committee shall keep minutes of its meetings. Members present at a meeting shall sign the minutes of the meeting which shall be kept by the secretary to the Board.

The secretary to the Board shall be responsible for maintaining complete meeting records, which shall be kept, along with meeting notice and meeting documents, as records of the Company.

Article 21 After each meeting of the Committee, the chairman of the Committee shall report to the Board on the main proceedings of the meeting. The Chairman shall submit to the Board each year at least one report on the work of the Committee.

Article 22 All members attending meetings of the Committee shall be obliged to keep all items discussed at the meetings confidential and shall not disclose the relevant information without authorisation.

Article 23 The chairman of the Committee shall attend the Annual Meeting of Shareholders. In the event that the chairman is unable to attend the meeting, he or she shall invite another member to attend the meeting and answer questions raised at the meeting (*Hong Kong Code on Corporate Governance Practices E.1.2*).

Chapter V Supplementary Provisions

Article 24 Any matters not covered by these Rules shall be implemented in accordance with relevant laws and regulations of the State and the Company's Articles of Association. Where there is a conflict between these Rules and laws and regulations to be promulgated by the State or the Company's Articles of Association as amended in accordance with legitimate procedures time to time, these Rules shall be implemented in accordance with relevant laws and regulations of the State and the Company's Articles of Association, and these Rules shall be amended immediately and the amended Rules shall be submitted to the Board for consideration and approval.

Article 25 The right to interpret and amend these Rules shall rest on the Board.

Article 26 The Committee should make available its Terms of Reference explaining its role and the authority delegated to it by the Board by including them on The Stock Exchange of Hong Kong Limited's website and the Company's website. (*Hong Kong Code on Corporate Governance Practices B.1.3*).
