



GCL-POLY ENERGY HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(stock code: 3800)

TERMS OF REFERENCE
OF
REMUNERATION COMMITTEE
(the “Committee”)

1. Constitution

- 1.1 The Board of Directors (the “Board”) of **GCL-Poly Energy Holdings Limited** (the “Company”) had resolved to establish the Committee on 22 October 2007 to establish the remuneration policy and determine the remuneration package for the Board and senior management.
- 1.2 The Committee will review its terms of reference, performance and constitution occasionally and recommend any changes it considers necessary to the Board for approval in order to fully comply with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other legal requirements.

2 Membership

- 2.1 Members of the Committee shall be appointed by the Board and shall comprise of at least three members. A majority of the Committee members shall be independent non-executive directors.
- 2.2 The chairman of the Committee will be appointed by the Board and must be a independent non-executive director.
- 2.3 The officer responsible for human resources matters in Hong Kong or the Company Secretary shall act as the Secretary of the Committee.

3. Frequency and proceedings of meetings

- 3.1 The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands.
- 3.2 The quorum of a meeting shall be two members of the Committee.
- 3.3 The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants to advise its members.
- 3.4 The notice and agenda of any meeting should be given 14 days before the date of the meeting. The Committee meeting papers should be circulated to all members 3 days before the date of meeting by hand, by post or in electronic form. The notice of meeting can be shortened provided all members of the Committee consent to the short notice.
- 3.5 Members may participate in the Committee meetings by telephone or video conference or electronic or other communications facilities provided that each member can hear and be heard by all other members throughout the meeting and such participation shall constitute presence for the purpose of the quorum requirement under article 3.2 hereof.
- 3.6 Each Committee member shall excuse himself from, and abstain from voting on and should not discuss or give any opinions or recommendations at, the meeting when the Committee meeting is to determine and discuss such Committee member's remuneration package.

4. Authority

- 4.1 The Committee is authorized by the Board to make recommendations to the Board on remuneration policy and structure for all directors and senior management of the Company and to determine remuneration packages of individual executive directors and senior management as a whole within its terms of reference. It is authorized to seek any information it requires from any employees of the Company in order to perform its duties.
- 4.2 The Committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors and is authorized to seek independent professional advice if necessary.
- 4.3 The Committee is to be provided with sufficient resources to discharge its duties.

5. Duties

5.1 The duties of the Committee include the following:

- 5.1.1 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;
- 5.1.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 5.1.3 to determine, with delegated responsibility, 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;
- 5.1.4 to make recommendations to the Board on the remuneration of non-executive directors
- 5.1.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- 5.1.6 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 and is otherwise fair and not excessive;
- 5.1.7 to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- 5.1.8 to ensure that no director or any of his associates is involved in deciding his own remuneration.

6. Reporting Procedures

- 6.1 Minutes of meetings of the Committee should record in sufficient detail the matters considered and decisions reached, including any concerns raised by Committee members or dissenting views expressed. Draft and final versions of minutes of the meetings of the Committee should be sent to all Committee members for their comment and records, within a reasonable time after the meeting.
- 6.2 The chairman of the Committee shall report to the Board and present the findings and the recommendations of the Committee to the Board on a regular basis. Without prejudice to the generality of the duties of the Committee set out in these terms, the Committee shall report back to the Board on its decisions or recommendations, unless

there are legal or regulatory restrictions on its ability to do so (such as restriction on disclosure due to regulatory requirements).

6.3 Full minutes of the meetings of the Committee should be kept by the secretary of the Committee, and such minutes should be open for inspection at any reasonable time on reasonable notice by any Director.

7. In case of any inconsistency between the English and Chinese versions of these terms of reference, the English version will prevail.

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