

Regulations for the Work of Remuneration and Nomination Committee

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1 General Provisions

- 1.1 In order to establish a management system for the remuneration and nomination of the senior managers of Dongfang Electric Corporation Limited (hereinafter referred to as “the Company”), Regulations for the Work of Remuneration and Nomination Committee (hereinafter referred to as “the Regulations”) are formulated in accordance with the *Company Law of the People’s Republic of China, Code of Corporate Governance for Listed Companies in China, Code on Corporate Governance Practices in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, Articles of Association of Dongfang Electric Corporation Limited*, as well as other relevant rules and specifications.
- 1.2 The Regulations are applicable to the directors and senior managers who receive remuneration from the Company.
- The senior managers (hereinafter referred to as “the seniors”) refers to the president, senior vice president, vice president, board secretary, and chief accountant employed by the Board of Directors, as well as other senior managers designated by the board.

2 Personnel Composition

- 2.1 The Remuneration and Nomination Committee (hereinafter referred to as “the Committee”) shall be composed of six directors (three independent directors inclusive).
- 2.2 The members of the Committee shall be nominated by the chairman of the Board and more than half of the independent directors or one-third of all directors, and then elected by the Board of Directors.
- 2.3 The Committee has one convener who shall be an independent director, responsible for convening and presiding over the meetings of the Committee.
- 2.4 The term of Office of the Committee shall be in line with that of the Board of Directors. And the members of the Committee may be reelected at the expiration of their terms. Where the member does not take the post of the Company’s director any more before the term expires, he shall be automatically disqualified for the member, and the Committee shall, in accordance with the mentioned provisions in 2.2, make up the number of members.
- 2.5 The Office of the Committee is set in the Office of the Board of Directors of the Company. It is responsible for such work as daily liaison, organization of meetings, subject decomposition, etc.. The Human Recourse Department is in charge of relevant business work thereinto.

3 Responsibility and Authority

- 3.1 According to the permission of the Board of Directors, the Committee executes the following responsibilities and authorities:
- 3.1.1 Coming forward relevant standards and procedures for the selection of the seniors, and putting suggestions to the Board of Directors;
- 3.1.2 Formulating training plan for directors;
- 3.1.3 Working over the appraisal criteria for the seniors, performance appraisal procedures, as well as relevant incentives and disincentives, and putting suggestions to the Board of Directors;
- 3.1.4 Preparing remuneration plan or scheme against the seniors depending on their different posts and responsibilities, and putting suggestions to the Board of Directors;

- 3.1.5 Appraising the performance of the seniors of the Company, as well as their annual achievement, and putting appraisal suggestions and remuneration considerations;
- 3.1.6 Appraising the performance of the directors (non-independent) of the Company, and putting appraisal suggestions to the Board of Directors;
- 3.1.7 Undertaking other matters authorized by the Board of Directors.
- 3.2 The Committee shall report to the Board of Directors, and its proposals shall be submitted to the Board of Directors for deliberation and determination.
- 3.3 The remuneration plan and remuneration allocation scheme against the seniors of the Company provided by the Committee shall be reported to the Board of Directors for approval.
- 3.4 The middle-term or long-term remuneration plan and remuneration allocation scheme against the key personnel of the Company provided by the Committee shall be reported to the Board of Directors for approval.

4 Working Procedure

- 4.1 The Office of the Board of Directors is responsible for completing the preparatory work for the Committee's decision, and providing relevant materials about the Company, which include (but are not limited to):
 - 4.1.1 The completion situation of the Company's main financial indexes and business objectives;
 - 4.1.2 Scope of work of the seniors of the Company, and their main responsibilities;
 - 4.1.3 The completion situation of the indexes involved in the senior's performance appraisal system;
 - 4.1.4 The business performance and business innovation ability of the seniors;
 - 4.1.5 Relevant calculating basis for preparing remuneration allocation schemes and allocation methods as per the performance of the Company.
- 4.2 The Office of the Board of Directors is responsible for decomposing involved businesses and distributing them to related competent departments. All departments are specific management bodies of involved businesses, and shall provide relevant materials and documents as per the requirements of specifications.
- 4.3 For the election procedure of the directors and the seniors, the Committee shall
 - 4.3.1 Nominate directly, or determine the election scope, forms, basic requirements, etc., and let competent department to prepare specific schemes, to provide business support for the final nomination in accordance with the procedures;
 - 4.3.2 Prepare the meeting, and review the qualifications of the candidates according to the post conditions of the directors and the seniors;
 - 4.3.3 Make suggestions and submit the relevant materials to the Board of Directors on the director candidates and newly employed senior candidates at least one to two months prior to electing new directors or employing the new seniors;
 - 4.3.4 Proceed other follow-up tasks based on the decisions and feedback of the Board of Directors.
- 4.4 Procedure for the Committee to appraise the directors and the seniors:
 - 4.4.1 The directors and the seniors of the Company submit position performance report;
 - 4.4.2 The Remuneration Committee appraises the directors and the seniors as per the appraisal standards and procedure;
 - 4.4.3 The Committee puts forward suggestions on the implementation schemes of the remuneration of the directors and the seniors according to the performance appraisal results and the remuneration policies;

- 4.4.4 The Committee puts forward implementation suggestions on the incentive plan against the key persons of the Company in accordance with the performance appraisal results and the HR management policies.
- 4.4.5 The Committee shall make organizations to prepare the work plan of the then year prior to 2~3 months of each fiscal year, and report to the Board of Directors for approval; and shall complete the performance appraisal and the report on remuneration implementation suggestions within 3 months after each fiscal year ends, and report to the Board of Directors for deliberation.

5 Rules of Procedure

- 5.1 The Committee shall meet at least twice a year. The meetings shall be convened by the convener. Where the convener is unable to be present, he may authorize another member to preside over the meeting. The meeting notice shall be sent to all members to participate in or invited to participate in the meeting within 10 days prior to the meeting. The said notice shall have the convening mode of the meeting, subject, agenda, time, place, duration, personnel to participate in the meeting, and relevant materials included.
- 5.2 The Committee's meeting can only be convened with the attendance of more than half of the members; the meeting can also be convened via the means of communication mode, but the opinions, suggestions or the voting results of the members shall be timely faxed to the Board Secretary in writing for filing, with originals sent.
- 5.3 Each member has one vote. The bill that can be directly decided on by the members with the authorization from the Board of Directors can be effective only being approved by half of all the members; while the bill that is decided without the authorization of the Board of Directors is not necessarily subject to voting, but advisory opinions shall be made against its content. The voting form can be hands-showing or ballot voting. The members not present can vote via communications.
- 5.4 The Committee's meeting may invite the Company's directors, supervisors and other senior managers to attend the meeting as it deems necessary.
- 5.5 If necessary, the Committee may invite the intermediary institutions to provide the professional opinions on decisions they made, and sign a confidentiality agreement with them. All the expenses caused thereby shall be borne by the Company.
- 5.6 The persons concerned shall withdraw whenever the Committee discusses about the relevant member in the meeting.
- 5.7 The convening procedure of the Committee's meeting, voting forms, and the remuneration policies, as well as the allocation schemes passed in the meeting shall be subject to the laws, administrative regulations, Articles of Association and the Regulations.
- 5.8 The Board Secretary shall be responsible for taking notes and forming the Minutes of Meeting, which shall be distributed to all members for comments timely after the meeting ends. The notes and the Minutes of Meeting shall be kept by the Board Secretary.
- 5.9 Bills passed at the meeting of the Committee, as well as the voting results, shall be reported to the Board of Directors of the Company in writing.
- 5.10 All the members present shall keep confidential for all the items discussed in the meeting, and it is forbidden to disclose any relevant information without permission.

6 Supplementary Provisions

- 6.1 The right of interpretation of the Regulations shall belong to the Office of the Board of Directors.

- 6.2 Any matters not mentioned in the Regulations shall be carried out upon their supplementation, revision, and the implementation of standard procedures according to the relevant national laws, regulations, and Articles of Association.
- 6.3 The Regulations shall become effective as of the date of approval by the Board of Directors of the Company.

Note: The Terms of Reference was originally drafted in Chinese and the English translation is for your reference only. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.