# China Longyuan Power Group Corporation Limited

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**China Longyuan Power Group Corporation Limited**

**Terms of Reference of the Board of Directors**

## Chapter 1 General Provisions

**Article 1** China Longyuan Power Group Corporation Limited (hereafter referred to as the “Company”) has established the Terms of Reference in accordance with the Company Law of the People’s Republic of China, the Mandatory Provisions of the Articles of Association of Companies Listed Abroad, the Guide on the Articles of Association of Listed Companies, the Governance Rules for Listed Companies, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereafter referred to as the "Hong Kong Listing Rules"), other supervision laws and regulations at home and abroad, and the Articles of Association of China Longyuan Power Group Corporation Limited (hereafter referred to as the "Articles of Association”), for the purposes of ensuring its compliant operation, increasing working efficiency and enhancing scientific decision-making of the Board of Directors, governing the composition, responsibilities, authorities and operating procedure of the Board of Directors, and safeguarding the interests of the Company and the legitimate rights and interests of the shareholders.

## Chapter 2 Authorities and Responsibilities of the Board of Directors

**Article 2** The Board of Directors shall exercise its authorities in accordance with the Articles of Association, and convene, report to, execute resolutions made by, and be responsible to the Shareholders’ General Meeting.

**Article 3** The major responsibilities of the Board of Directors are as follows:
(1) to be responsible for the convening of Shareholders’ General Meetings and report its work in the Shareholders’ General Meeting;
(2) to implement the resolutions of Shareholders’ General Meetings;
(3) to decide the Company’s business plans and investment plans, specific annual

Company, and to nominate, appoint or dismiss the general manager of the Company;
(10) according to the nomination by the Chairman, to appoint or dismiss secretary of the Board of Directors, appoint or dismiss the chairman of each of the special committees of the Board of Directors;
(11) according to the nomination by the general manager, to appoint or dismiss the deputy general manager and the chief accountant of the Company, and to decide the matters of their remunerations, incentives and punishments;
(12) to formulate the basic management system of the Company;
(13) to formulate proposals for amendment to the Articles of Association;
(14) to formulate stock option incentive plans of the Company;
(15) to manage information disclosure of the Company;
(16) to decide the establishment of the special committees of the Board of Directors;
(17) to decide the risk management system of the Company, including risk assessment, financial control, internal audit and legal risk control, and supervise its enforcement;
(18) to prETr in the Shareholders' General Meeting to appoint or change the accounting firm in charge of the audit of the Company;
(19) to listen to the report of work by the general manager or senior management members appointed by the general manager on a regular or irregular basis, and to approve the report of work by the general manager;
(20) to manage the issue of external guarantee made by the Company which is not required for examination in the Shareholders' General Meeting, as prvided in the Articles of Association;
(21) to make decision for the prjects related to t he Company's major business but not yet budgeted and the investment amount of which should not exceed RMB1 billion per unit;
(22) to authorize the management f the Company to decide the not-



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**Article 4** As the permanent decision-making body of the Company, the Board of Directors exercises its right to make decisions on the development strategy, operating plans, capital operations, financial supervision, personnel management and other affairs of the Company in accordance with the Terms of Reference herein.

**Article 5** The Board of Directors shall have the right to exercise the power not necessarily exercised by the Shareholders' General Meeting as a mandatory requirement to decide on material affairs concerning strategy development, operations management, finance & audit, personnel management and other aspects that are not specified in the Articles of Association and the Terms of Reference herein.

When granting part of its authorities to the management, the Board of Directors shall define the scope of authorization, particularly the scope of affairs for which the management shall report to and obtain prior approvals from the Board of Directors.

The Company shall draw a clear line between the rights reserved by the Board of Directors and those granted to the management. The Company shall periodically review the aforesaid matrix of authorities to ensure that it satisfies the needs of the Company.

## Chapter 3 Structure of the Board of Directors

**Article 6** The Board of Directors consists of 9 directors, including 3 independent non-executive directors. The Board of Directors shall consist of one Chairman and two Vice Chairmen, who shall be elected by more than half of all the directors.

**Article 7** The Vice Chairmen shall assist the Chairman in his work. When the Chairman is incapable of performing his duties and fails to designate the Vice Chairmen to exercise his authorities on his behalf, or the Chairman fails to perform his duties, the Vice Chairmen shall perform the duty of the Chairman (if the Company has two or more Vice Chairmen, the Vice Chairman recommended by more than half of the directors shall perform the duty). When a Vice his incapable or fails to perform his duty, more than half of the directors shall elect a director to perform the duties on his behalf.

**Article 8** Each director shall ensure that they have enough time and energy to handle the affairs of the Company; otherwise, they shall not accept the appointment.

**Article 9** The shall not concurrently act as the President. The division of responsibilities between the Chairman and the President shall be clearly defined and specified in writing.

**Article 10** The Company shall publish the latest list of the members of the Board of Directors, and specify their respective roles and functions on its website. The directory containing the names of the directors shall indicate the identities of the independent non-executive directors.

**Article 11** Term of Office of Directors

(1) e term of each Board of Directors his three years. The term of one director shall

commence as of the date when the Shareholders' General Meeting adopts the relevant resolution, and shall end when the term of the current Board of Directors expires. A director may be reelected after the expiration of his term.

2 If no reelection is conducted soon after the term of one director expires, or the members of the Board of Directors is less than the quorum due to a resignation of a director during his term, the original directors shall still perform their duties as the

committees upon invitation; and

4. examine whether the performance of the Company fulfills the established objectives and purposes, and supervise and report the affairs relating to the performance of the Company.

**Article 14** The Board of Directors can establish a number of special committees such as the Nomination Committee, the Strategy Committee, the Remuneration & Evaluation Committee and the Audit Committee. Such special committees shall study professional affairs, and give opinions and suggestions for the reference of the Board of Directors.

All the members of the special committees shall be directors. Specifically, the independent non-executive directors shall constitute a majority in the Remuneration & Evaluation Committee. All the members of the Audit Committee shall be non-executive directors, among whom the independent non-executive directors shall constitute the majority. Further, at least one independent non-executive director shall hold an appropriate professional qualification or possess the appropriate expertise in accounting or financial management, and the director of the Audit Committee shall be an independent non-executive director. Non-executive directors shall constitute the majority in the Nomination Committee, and the director of the Nomination Committee shall be an independent non-executive director or the Chairman of the Board of Directors.

**Article 15** The major responsibilities of the Nomination Committee are as follows:

1. review the organizational structure of the Board of Directors and the number and structure of its members (including skill set, knowledge and experience) at least once each year, and suggest any proposed changes in the Board of Directors in coordination with the corporate strategy of the issuer;

2. look for persons with the necessary qualifications as directors, and select and nominate relevant persons to act as directors, or suggest the Board of Directors in this regard;

3. review the independence of independent non-executive directors;

4. suggest to the Board of Directors on the appointment of relevant directors and senior executives;

5. with the authorization of the Board of Directors, engage intermediaries to contribute professional opinions to assist in its decision-making, when necessary, with reasonable expenses so incurred to be borne by the Company; and

6. such other affairs as authorized by the Board of Directors.

**Article 16** The major responsibilities of the Strategic Committee are as follows:

1. research the long-term strategy and important investment decisions of the Company and advise the Board of Directors in this regard;

2. research material investment & financing plans that shall be approved by the Board of Directors, and make suggestions to the Board of Directors in this regard;

3. research material capital operation and asset operation projects that shall be approved by the Board of Directors, and make suggestions to the latter in this regard;

4. research other matters influencing the development of the Company and give suggestions;

5. audit the implementation of the affairs stated above; and

6. such other affairs as authorized by the Board of Directors.

**Article 17** The major responsibilities of the Remuneration & Evaluation Committee include:

1. study the evaluation standard for directors and senior executives, perform the evaluation of the aforesaid persons and give suggestions;

2. research and review the remuneration policy and plan for directors and senior executives (including the compensation of directors and senior executives on account of their loss of positions, retirement and other factors), based on the corporate objectives established by the Board of Directors;

3. recommend the remuneration policy for directors and senior executives (including non-monetary benefits, pension rights and compensation (including the compensation for the loss or termination of positions or appointments) to the Board of Directors, and submit the same to the latter for approval; suggest the remunerations of non-executive directors to the Board of Directors; and execute the remuneration policy made by the Board of Directors;

4. organize the evaluation of the President, submit an evaluation report on the President to the Board of Directors, and supervise the evaluation of other senior executives of the Company led by the President;

5. research the incentive plan, remuneration system and options plan of the Company, supervise and assess their implementation results, and express opinions on their reform and improvement;

6. ensure no director or any related person will determine their personal remunerations on their own; and

7. such other affairs as specified by relevant laws, regulations and listing rules in the region where the Company is listed, and as authorized by the Board of Directors.

## Chapter 4 Board Secretary

**Article 21** The Company assigns one Secretary of the Board of Directors, who is a senior executive of the Company and is responsible to the Board of Directors. The main responsibilities of the Secretary are to enhance the corporate governance standard of the Company and handle the information disclosure of the Company.

**Article 22** The primary responsibilities of the Board Secretary are:

(1) to be responsible for communication and coordination between the Company and the related parties and the stock exchange and other securities regulatory authorities, and to ensure that the Company prepare and submit reports and documents required by the regulatory authorities legally;
(2) to be responsible for information disclosure of the Company, to procure the Company to formulate and implement the information disclosure management system and material information internal reporting system, to procure the company and the related parties to fulfill the information disclosure obligations in accordance with laws and to submit regular reports and interim reports to the stock exchange in accordance to relevant regulations;
(3) to coordinate the relationship between the Company and its investors, to handle visits of the investors, to answer questions raised by the investors, and to provide the investors with information disclosed by the Company;
(4) to prepare Shareholders' General Meetings and meetings of the Board of Directors following statutory procedures and to prepare and submit relevant documents and information of the meetings;
(5) to attend meetings of the Board of Directors and prepare and sign the mm-69(si)-12( 431(si)-gt)-51(

(9) to procure the Board of Directors to legally exercise its functions and powers ; to remind the attending Directors where the resolutions to be made by the Board of Directors do not comply with the relevant laws, regulations, rules, listing rules and other requirements of the stock exchange or the Articles of Association, and request the supervisors present at meeting to express their opinions; to record the opinions of relevant supervisors and persons in the minutes if the Board of Directors insists on making the aforesaid resolutions, and to report to the stock exchange;

(10) to fulfill other duties specified in the applicable laws, regulations, rules, listing rules and other requirements of the stock exchange and the Articles of Association.

**Article 23** Directors or other senior management members other than the general manager of and the chief accountant of the Company may also act as the Secretary of the Board of Directors. The accountant(s) of the certified public accountants' firm appointed by the Company shall not act as the Secretary of the Board of Directors.

**Article 24** Provided that the office of the Board Secretary is held concurrently by a Director, and an act is required to be made by a Director and the Board Secretary separately, the person who concurrently holds the offices of a Director and the Board Secretary shall not perform the act in dual capacity.

## Chapter 5 Meeting System of the Board of Directors

**Article 25** Board Meeting

1. Meetings of the Board of Directors include regular meetings and special meetings in terms of the certainty of such meetings.

2. The Board of Directors shall hold at least four meetings each year.

3. The Chairman, shareholder(s) representing more than 10% of the voting rights, more than three directors, more than half of the independent non-executive directors, the Board of Supervisors or the President can propose to hold a special meeting of the Board of Directors. The Chairman shall convene and preside over the meeting of the Board of Directors within 10 days after receipt of the proposal.

**Article 26** Regular meetings of the Board of Directors include but are not limited to the following:

1. Meetings of the Board of Directors on approving the performance report of the Company:

1) meeting of the Board of Directors regarding the annual results

This meeting is held within three months after an accounting year of the Company ends mainly for the purpose of reviewing the annual report of the Company and

handling

1. affairs proposed by the directors;

2. affairs proposed by the Supervisory Board;

3. proposals submitted by the special committees under the Board of Directors;

4. affairs proposed by the President; and

5. affairs that shall be decided by the Board of Directors, according to the Articles of Association.

Any material connected transaction and the engagement or removal of the accounting firm shall be approved by more than half of the independent non-executive directors before submission to the Board of Directors for discussion.

**Article 29** Collection of Proposals

The Board Secretary is responsible for collecting drafts on the affairs to be discussed in a meeting. Relevant proposals, together with relevant statements, shall be submitted 15 days before the meeting.

After sorting the relevant documents, the Board Secretary shall list the time, venue and agenda of the meeting, and submit the same to the Chairman. The Chairman shall ensure that all directors who will attend the meeting are properly informed of the affairs to be deliberated. The Chairman shall ensure that the directors receive complete, adequate and feasible information in time.

**Article 30** Convening of Meetings

The Chairman shall convene a meeting of the Board of Directors, and sign the notice on the convening of the meeting. When the Chairman cannot convene the meeting for special reasons, one Vice Chairman or director shall convene the meeting, who shall also sign and issue the notice on convening the meeting, according to Article 7 herein.

**Article 31** Notice of the Meeting

1. A prior notice of a meeting of the Board of Directors shall be distributed to all the directors, all the supervisors and other attendees before the meeting. The notice of the meeting generally includes the following information:

    1) the time and venue of the meeting;

    2) period of the meeting;

    3) agenda, causes, proposals and relevant documents; and

    4) date of notice;

2. A meeting of the Board of Directors shall be notified according to the requirements and in such manner as following:

    1) forms of notice: phone, fax and email;

    2) the notice of a regular meeting of the Board of Directors shall be distributed

10 days in advance, while a special meeting is not subject to the time of notice;

3) the notice shall be made in Chinese and attached with an English translation when necessary.

Any director can waive the right to require the receipt of the notice of a meeting of the Board of Directors. If a director has attended the meeting and has not raised the issue about the failure to receive the notice before he attends the meeting or before the meeting starts, the director shall be deemed to have received the notice of the meeting.

**Article 32** Communications before the meeting

The agenda and relevant documents for a regular meeting shall be delivered to all the directors in time, and sent out at least three days (or any other time as agreed upon) before the date of the meeting of the Board of Directors or its special committees. Other meetings of the Board of Directors shall also observe the aforesaid arrangement, when truly feasible. After the sending of the notice of the meeting and before it is convened, the Board Secretary shall be responsible for organizing and arranging the communication and contact with all the directors, in particular the independent non-executive directors, obtaining their opinions or suggestions on relevant proposals, and feedback the same to the persons submitting the proposals in time to improve relevant proposals. The Board Secretary shall also arrange in a timely manner the supplement of the documents required by the directors to make corresponding decisions on the proposals to be discussed, including relevant background information of the proposals and other information that helps the directors make scientific, quick and prudent decisions.

The management has the responsibility to provide adequate timely information for the Board of Directors and its special committees so that the directors can make decisions after analyzing the relevant information. The information provided by the management shall be integral and reliable. The directors shall duly perform their responsibilities as directors, and shall not always depend only on the information actively provided by the management. In some cases, they will need to conduct further inquiry on their own. If any director requires additional information (other than that provided by the management actively) to be provided by the management, the Company shall, on an as-needed basis, conduct further inquiry. The Board of Directors and each director shall have an independent mode of access to the senior executives. In general, the Board Secretary shall be the bridge of communication between the management and the Board of Directors.

When appropriate, the Secretary to the Board of Directors shall be responsible for arranging the directors to seek independent professional opinions when they perform their responsibilities to the Company, the expense so incurred shall be paid by the Company, and relevant requests shall be submitted in writing to the Secretary of the Board of Directors. The Board Secretary shall reasonably seek suitable professionals to provide opinions efficiently.

When more than one quarter of the directors or more than two independent

non-executive directors think the materials are inadequate or the demonstration is unclear, they can jointly propose to delay the meeting or some affairs discussed by the Board of Directors, and the Board of Directors shall adopt such proposal. Unless such request is directly brought forward at a meeting of the Board of Directors, the Secretary to the Board of Directors shall distribute in a timely manner a notice to the directors, the supervisors and the non-voting attendees after receipt of such written request.

**Article 33** Participation in Meetings

A meeting of the Board of Directors can be held when it is attended by more than half of the directors (including the directors attending the meeting by proxy).

All directors of the Board of Directors shall be present at the meeting in person. If a director is unable to attend for any reason, he can entrust another director in writing to attend on his behalf. (Any independent non-executive director unable to attend the meeting shall consign another independent non-executive director to attend the meeting on his behalf). The power of attorney shall indicate the name of the agent, the affairs under agency, the scope of authorization and the effective period, and shall be signed or stamped by the principal. The director present at the meeting on his behalf shall exercise the director’s rights to the extent of authorization.

If a non

After the directors reach an agreement on the agenda, the chairman will preside over the meeting to review the proposals of the meeting one by one, and the persons submitting the proposals shall first report their work or state their proposals to the Board of Directors or consign others to do the same.

When reviewing relevant plans, proposals and reports, a meeting of the Board of the Directors can require the leaders of the responsible departments to attend the meeting as non-voting attendees, hear their opinions and ask relevant questions to correctly make their decisions. Upon finding a proposal or plan contains unclear information or the plan is not feasible, the Board of Directors shall ask the undertaking departments to state the fact, and may return the proposal or plan for rework, while suspending the voting.

**Article 35** Voting on proposals

All the directors present at a meeting shall cast affirmative, negative or abstention votes on proposals submitted to the Board of Directors.

The director present at the meeting on behalf of another director shall exercise the principal's rights to the extent of authorization.

If a director fails to attend one meeting of the Board of Directors and consign a representative to do the same, the director shall be deemed to have waived his voting right at such meeting.

When the Board of Directors makes a resolution on an affair, the resolution shall be approved by more than half of the all the directors, except otherwise required by the Articles of Association for the affairs that shall be approved by more than two-thirds of all directors.

Meetings of the Board of Directors can adopt a show of hands or a ballot system to vote. Each director has one voting right. When the negative votes and the affirmative votes are equal, the Chairman shall have the right to cast one more vote.

When a director is related to an enterprise involved in a resolution made by a meeting of the Board of Directors (meaning that the director acts as a director or senior executive in the enterprise, directly or indirectly controls a legal person of the enterprise, or serves as a director or senior executive in a legal person directly or indirectly controlled by the enterprise), the director shall abstain from voting on the resolution or exercising the voting right on behalf of other directors. Such meeting of the Board of Directors can be held when it is attended by more than half of the directors not related to the resolution, and the resolution made at the meeting of the Board of Directors shall be adopted by more than half of the directors not related to the resolution. When attending directors not related to the resolution are less than three, the corresponding affair shall be submitted to the Shareholders' General Meeting for review.

**Article 36** Liabilities of Directors to Resolutions of the Board of Directors

Any written resolution of the Board of Directors not made through the legal procedure shall not have the legal effect as a resolution of the Board of Directors, even if every director expresses opinions on the resolution in different approaches. The directors shall undertake the liability for the resolution made by the Board of Directors. If a resolution made by a meeting of the Board of Directors violates the laws, administrative regulations or the Articles of Association and causes the Company to

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chairperson;

2. names of the directors attending in person and the names of the directors attending by proxy and their proxies;

3. meeting agenda;

4. points of the speeches of the directors, which shall include any questions raised by a director or negative opinions expressed (written feedback opinions shall prevail, if a meeting is held via correspondence voting);

5. voting method and results for each issue resolved (the voting result shall specify the numbers of affirmative, negative or abstention votes); and

6. signatures of the directors.

The Board Secretary shall in earnest record and sort the affairs deliberated at the meetings. The minutes of every meeting of the Board of Directors shall be distributed as soon as possible to all the directors attending the meeting for review. A director hoping to make a revision or supplement to the minutes shall report his revision opinions to the Chairman within one week after receipt of the minutes. After the minutes are finalized, the directors, the Board Secretary and the recorder shall sign the minutes, and the Board Secretary shall send copies of the entire minutes to each director as soon as possible. The minutes of the Board of Directors shall be permanently saved as important archives at the domicile of the Company. When a director sends a notice as is reasonable at any time period, the Board of Directors shall provide the relevant minutes for the director to check the minutes within a reasonable time period.

## Chapter 7 Information Disclosure for Meetings of the Board of Directors

**Article 39** The Board of Directors of the Company shall strictly comply with relevant provisions concerning information disclosure established by the supervisory authority and the stock exchange in the region where the shares of the Company are listed, and disclose the affairs discussed and resolutions adopted by the meetings of the Board of Directors in an integral, timely and accurate manner. The Board of Directors shall, on the principle of fair information disclosure and in a timely fashion, report the information involving material affairs to relevant stock exchanges, disclose such information in accordance with relevant listing rules, and file the same to relevant supervisory authorities (if applicable).

**Article 40** Any person informed of the relevant contents of the meetings of the Board of Directors that required to be kept confidential shall safeguard the confidentiality of such contents, or shall undertake the corresponding liability.

## Chapter 8 Document Management for Meetings of the Board of Directors

**Article**

## Chapter 9 Execution and Feedback of Resolutions of the Board of Directors

**Article 42** After adopting a resolution that shall be submitted to the Shareholders' General Meeting for review, the Board of Directors shall submit the resolution in time to the Shareholders' General Meeting for approval. If the resolution falls into the scope of the responsibilities of the President or the affairs authorized by the Board of Directors to the President, the President shall organize and execute the resolution.

**Article 43** The Chairman shall have the right to consign other directors to examine and supervise the execution of the resolutions made by the meetings of the Board of Directors.

**Article 44** Every time the Board of Directors holds a meeting, the management of the Company shall report the execution of the resolutions adopted in the prior meeting during the meeting.

**Article 45** Under the leadership of the Board of Directors and the Chairman, the Board Secretary shall actively master the implementation rship oship ion nd the Chaions made