



**SANY HEAVY EQUIPMENT INTERNATIONAL
HOLDINGS COMPANY LIMITED**

三一重裝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 631)

(“the Company”)

**The Remuneration Committee (the “Committee”)
of the Board of Directors (the “Board”)
Terms of Reference**

1. Constitution

1.1 The Committee is established pursuant to a resolution passed by the Board as its meeting on 5 November 2009.

2. Membership

2.1 Members of the Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of at least three members; a majority of whom shall be independent non-executive directors of the Company.

2.2 The Chairman of the Committee shall be appointed by the Board.

2.3 The company secretary of the Company shall be the secretary of the Committee.

2.4 The appointment of the members of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee.

3. Proceedings of the Committee

3.1 Notice of Meeting:

(a) Unless otherwise agreed by all the Committee members, a meeting shall be convened by at least seven days' notice.

- (b) A Committee member may and, on the request of a Committee member, the secretary of the Committee shall, at any time summon a Committee meeting. Notice shall be given to each Committee member in person orally or in writing or by telephone or by email or facsimile transmission at numbers or addresses from time to time notified to the secretary of the Company by such Committee member or in such other manner as the Committee members may from time to time determine.
- (c) Any notice given orally shall be followed by confirmation in writing before the meeting as soon as possible.
- (d) Notice of meeting shall state the purpose, time and venue of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purpose of the meeting.

3.2 Quorum: The quorum of the Committee meeting shall be two members of the Committee; and majority of members present at the meeting shall be independent non-executive directors.

3.3 Meeting shall be organized to convene according to the actual needs.

4. Written resolutions

4.1 Written resolutions may be passed by Committee members in writing; however, which shall be agreed by all Committee members.

5. Overriding principles

5.1 The remuneration level established should be sufficient to attract and retain the directors required to run the Company successfully; however, the Company should avoid paying excessive for such purpose.

5.2 No director is involved in deciding his own remuneration.

5.3 The Committee shall consult the chairman and/or chief executive about their remuneration proposals for other executive directors. The Committee may also access professional advice if considered necessary.

6. Proxies

6.1 The Committee members may appoint the chairman of the Committee as proxy to attend the meeting; however, members present at the meeting in person shall be no less than two-thirds of the Committee members.

7. The Powers of the Committee

7.1 The Committee may exercise the following powers:

- (a) to review any proposed service contract with any director or senior management before such contract is entered into and make recommendations to the human resources department of the Company on any changes to the proposed terms of such contracts;
- (b) to consider and make recommendations on the salaries, bonuses and benefits, etc. of the executive directors and the senior management;
- (c) to request the Board to convene a shareholders' meeting for purposes of revoking the appointment of any director and to dismiss any employees if there is evidence showing that the relevant director and/or employee has failed to discharge his duties properly or there is such doubt;
- (d) if the Committee considered necessary, should seek independent legal and other professional advice from the independent third-party with the relevant experience and expertise.
- (e) to exercise such powers as the Committee may consider necessary and expedient so that their duties under Section 8 below can be properly discharged.
- (f) other matters delegated by the Board.

7.2 The Committee should be provided with sufficient resources to discharge its duties.

8. The responsibilities of the Committee

8.1 The Committee shall discharge the followings duties:

- (a) 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;
- (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management, including any soft money, pension entitlement and compensation payable for loss or termination of their office or appointment;
- (d) to make recommendations to the Board on the remuneration of non-executive directors;

- (e) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (f) 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;
- (g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with relevant contractual terms and are otherwise reasonable and appropriate; and
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration.

9. Minutes of the Meetings

- 9.1 Full minutes and written resolutions of the Committee meetings shall be kept by the secretary of the Committee.
- 9.2 The secretary of the Committee shall send the draft and final versions of minutes or, as the case may be, the written resolutions to all members of the Committee within a reasonable time after the meeting or before the passing of the written resolutions. Draft version is for members' comments; the final version is for record purpose.
- 9.3 The secretary of the Committee shall archive all minutes of the Committee meetings held during each year, as well as record the individual attendance of Committee members, on a named basis, at meetings held during each year.

10. Continuing application of the Articles of Association of the Company

The Articles of Association of the Company regulating the meeting and proceedings of the directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

11. Powers of the Board

- 11.1 The Board may, subject to compliance with the Articles of Association of the Company and the Listing Rules (including the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules of the Stock Exchange or if adopted by the Company, the Company's own code on corporate governance practices), amend, supplement and revoke these terms of reference and the resolution passed by the Committee at any time provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

12. Reporting procedures

12.1 The secretary of the Committee shall circulate the minutes of the Committee meetings, reports of the Committee and the relevant information to all directors of the Company.

13. Language

If there is any inconsistency between the English and Chinese versions of these terms of reference, the Chinese version shall prevail.