

KIU HUNG ENERGY HOLDINGS LIMITED

Terms of reference of the remuneration committee (the “Committee”) of board (the “Board”) of directors (the “Directors”) of Kiu Hung Energy Holdings Limited (the “Company”)

The Committee

1. Members and secretary

- 1.1 The majority of the members of the Committee (the “Committee Members”) shall be Independent Non-executive Directors.
- 1.2 The chairman of the Committee shall be an Independent Non-executive Director and appointed by the Board.
- 1.3 The secretary of the Committee (the “Committee Secretary”) shall be appointed by the Board.
- 1.4 The appointment of additional Committee Members or the determination of the office of any Committee Members or the Committee Secretary shall be allowed only by resolutions passed by the Board and the Committee respectively.

2. Proceedings of meetings and the Committee (the “Committee Meetings”)

- 2.1 The Committee shall meet at least once every year. Additional Committee Meetings shall be held as the work of the Committee requires.
- 2.2 Unless agreed by all the Committee Members present at the Committee Meeting (note: not all the Committee Members), the notice period for convening a Committee Meeting shall not be less than seven clear days (including non-working days).
- 2.3 Any of the Committee Members can convene a Committee Meeting by giving to the Committee Secretary a notice in writing. Upon receipt of such notice, the Committee Secretary shall notify in writing all other Committee Members about the Committee Meeting. Any Committee Member can also convene a Committee Meeting by giving a notice (whether written or oral) directly to all other Committee Members. The Committee Secretary can also convene a Committee Meeting by giving to all Committee Members a notice in writing.
- 2.4 Committee Meetings convened by means of oral notices shall be subsequently confirmed by instrument in writing as soon as possible (but in any event not later than the convening of the Committee Meeting).
- 2.5 “Written” notices referred to above shall include any notices given by way of facsimile.

- 2.6 The Committee Member or the Committee Secretary convening a Committee Meeting shall provide to other Committee Members and the Committee Secretary information about the purpose of the meeting, the time, venue and agenda of the meeting and shall supply to each of them all relevant documents of the meeting and such documents shall be despatched together with the meeting. The agenda of the meeting shall be despatched together with the notice convening the meeting (or the written confirmation of the meeting).
- 2.7 Unless expressed otherwise in the notice convening the meeting, the Committee Meeting shall be held in Hong Kong.
- 2.8 The Committee Secretary shall arrange for a speakerphone so that in case where any of the Committee Members cannot present at a Committee Meeting in person, he can join in the discussion of the agenda of the meeting through telephone calls. Any Committee Member who attend the Committee Meeting over the telephone shall be deemed to have been present at the Committee Meeting.
- 2.9 The quorum of a Committee Meeting shall be not less than two Committee Members (excluding the Committee Secretary) and the quorum shall present at the commencement of and throughout (except during breaks) the Committee Meeting.
- 2.10 If within thirty minutes from the time appointed for a Committee Meeting, a quorum is not present, upon majority agreement by the members who present, the Committee Meeting shall stand adjourned. The notice period for the adjourned Committee Meeting shall not be more than one day and the Committee Secretary or any Committee Member can issue such notice. If within three minutes from the time appointed for the adjourned Committee Meeting, a quorum is not present, the Committee Members present shall duly constitute a quorum and shall be entitled to exercise all the power conferred upon the Committee.
- 2.11 The chairman of the Committee shall preside as the chairman of a Committee Meeting. If within fifteen minutes from the time appointed for the Committee Meeting, the chairman of the Committee is not present or, before the Committee Meeting, the chairman of Committee has notify the Committee Secretary or any other Committee Member (who should confirm such notification) that he will not be present at the Committee Meeting or because of any conflicts of interests, the Committee Members present shall choose someone from their number to be the chairman of the Committee Meeting.
- 2.12 Each Committee Member present in a Committee Meeting shall have one vote. All resolutions passed in the Committee Meeting shall be by majority votes. If the votes for and against a resolution are equal, the chairman of the Committee Meeting shall have a casting vote.
- 2.13 The Committee Secretary shall attend all the Committee Meetings and shall keep record of all minutes of such meetings. The draft minutes of each Committee Meeting shall be circulated to all the Committee Members. The minutes shall be confirmed by the

chairman of that particular Committee Meeting signing the same or confirmed by resolutions passed in the following Committee Meeting. All Directors shall, at any time, have access to the minutes of the Committee Meetings.

- 2.14 Save for and except with approval from the majority members who present at a Committee Meeting, no persons other than the Committee Members or the Committee Secretary shall be allowed to attend any Committee Meetings.
- 2.15 Save for and except with the approval from all the Committee Members, no discussion on issues not set out in the agenda of the meeting shall be allowed in the Committee Meetings.
- 2.16 The Committee may, from time to time, invite advisers to the Committee Meeting, including but not limited to external advisers or consultants to advise on the Committee Members.

3. Written resolutions

Any two Committee Members can pass any resolution by written resolutions.

4. Appointment of alternates

No Committee Member shall appoint any alternates.

5. The powers of the Committee

The Committee shall have the powers to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board, and should be provided with sufficient resources to perform its duties.

6. The obligations of the Committee

The Committee shall be responsible for the following:

- (a) to make recommendations to the Board on the Company's policy and structure for 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 have the delegated responsibility from the Board to determine the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive Directors. The Committee should consider salaries paid by comparable companies, time commitment and responsibilities, employment conditions elsewhere in the group;

- (d) 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;
- (e) 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;
- (f) to ensure that no Director or any of his associates is involved in deciding his own remuneration, and the Committee should consult the chairman and/or chief executive about their remuneration proposals for other executive Directors;
- (g) to determine the criteria for assessing employee performance, which should reflect the Company's business objectives and targets;
- (h) to consider the annual performance bonus for executive Directors, senior management and the general staff, having regard to their achievements against the performance criteria and by reference to market norms, and make recommendation to the Board;
- (i) to engage external professional advisers to advise the Committee on issues as the Committee considers necessary;
- (j) to advise shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and
- (k) to report to the Board the findings and recommendations of the Committee at the next meeting of the Board following each Committee Meeting.

Arrangements which are applicable to the Committee

1. Circulation of minutes and written resolution

- 1.1 After the signing by the Committee Secretary on the minutes and written resolutions if the Committee, a copy of the minutes and the written resolutions shall be despatched to the Directors (including non-executive Director) for records (with regard to the minutes and written resolutions of the Committee, unless instructed otherwise by its members).

The Committee should have access to independent professional advice if necessary.

2. The Articles of Association (the "Articles") of the Company

- 2.1 This resolution shall not prevail the Articles, in particular for the provision where a director is not allowed to vote in the case of conflicts of interest.
- 2.2 The provisions relating to the proceedings of the meetings of the Directors stipulated in the Articles not mentioned above shall be applicable to the proceedings of the Committee Meetings.

3. The power of the Board

- 3.1 Provided that it does not contravene the Articles and the listing rules (including the Code on Corporate Governance Practice), the Board can, from time to time, amend, make addition to or cancel or any regulations and rules stipulated hereof, including the cancellation of any resolutions passed by the Committee. Any arrangements made after the passing of a resolution of the Committee shall remain in full force and effect notwithstanding that such resolution has been cancelled or amended by the resolutions of the Board. The Committee Meetings shall remain valid until the resolution hereof has been amended.

4. Address of communication, etc

- 4.1 Each of the Directors shall supply to the Committee Secretary information as to his correspondence address and contact number for the purpose of receiving notices (not including but not limited to notice from the Board, audit committee, nomination committee and Committee) issued by the Company. The Committee Secretary shall notify each of the Directors the correspondence address and contact number of the other Directors.
- 4.2 The correspondence address and contact number of the Directors who have not supply such information to the Committee Secretary shall be deemed to be at the Company's place of business in Hong Kong from time to time and the Company's telephone number.
- 4.3 Every notice and communication made pursuant to this Resolution shall be despatched or sent to the correspondence address of each director. If a notice or communication is made by means of telephone calls, message can be left in the mailbox.
- 4.4 The date of notice and the date of the meeting shall be inclusive in the calculation of the notice period.