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## AAG Energy Holdings Limited

亞美能源控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2686)**

### Terms of Reference for Remuneration Committee

#### Purpose

1. The purpose of the Remuneration Committee is to assist the the board of directors (the “**Board**”) of AAG Energy Holdings Limited (the “**Company**”) to develop and administer a formal and transparent procedure for setting policy on the remuneration of executive directors, evaluating the performance of executive directors and senior management, reviewing incentive schemes and directors’ service contracts and fixing the remuneration packages for all directors and senior management.

#### Composition

2. The Remuneration Committee shall be appointed by the Board from time to time and shall consist of a minimum of three members (the “**Members**”), a majority of which shall be independent non-executive directors of the Company, who shall meet and maintain the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (as amended from time to time).
3. The chairman of the Remuneration Committee (the “**Chairman**”) shall be appointed by the Board and must be an independent non-executive director of the Company.
4. The company secretary of the Company (the “**Company Secretary**”) shall be the secretary of the Remuneration Committee.

#### Meetings

5. The Remuneration Committee shall meet at least once a year or more frequently if circumstances require.

6. Notice of any meetings has to be given at least 14 days prior to any such meeting being held, unless all Members unanimously waive such notice. If a meeting is called by a shorter notice, it shall be deemed to have been duly called if it is so agreed by a majority of the Members. A Member who attends such a meeting shall deem to agree to the shorter notice. Notice of any adjourned meetings is not required if the adjournment is less than 14 days.
7. A quorum of the Remuneration Committee shall be two Members.
8. Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment provided that all persons participating in the meeting are capable of hearing each other.
9. Only Members are entitled to vote at the meetings of the Remuneration Committee.
10. Resolutions of the Remuneration Committee at any meetings shall be passed by a majority of votes of the Members present.
11. A resolution in writing signed by all Members shall be valid and effectual as if it has been passed at a meeting of the Remuneration Committee duly convened and held.
12. The Chairman (or in his or her absence, a Member designated by the Chairman) shall preside at all meetings of the Remuneration Committee. The Chairman shall be responsible for leading the Remuneration Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.

### **Access**

13. The Remuneration Committee shall have full access to management and may invite members of management or others to attend its meetings. The Remuneration Committee will consult the chairman and/or chief executive officer of the Company about their proposals relating to the remuneration of other executive directors and senior management of the Company.

### **Reporting Procedures**

14. The Remuneration Committee shall evaluate and assess the effectiveness of the Remuneration Committee and the adequacy of these Terms of Reference on an annual basis and recommend any proposed changes to the Board.
15. Minutes of meetings of the Remuneration Committee and the record of individual attendance at such meetings shall be prepared and kept by the Company Secretary, which shall be sent to all members of the Board as soon as practicable after the conclusion of any meeting of the Remuneration Committee.

## **Authority**

16. The Remuneration Committee is authorized by the Board to determine the remuneration payable to executive directors and members of senior management of the Company, the emolument policies and the basis for determining such emoluments. It shall report directly to the Board.
17. The Remuneration Committee shall ensure that no director should be involved in deciding his own remuneration.
18. The Remuneration Committee is authorized by the Board to obtain independent professional advice and assistance from internal or external legal, accounting or other advisors at the expense of the Company if necessary.
19. The Remuneration Committee shall be provided with sufficient resources to perform its duties.

## **Duties**

20. The duties of Remuneration Committee shall include the following aspects:
  - (a) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policies;
  - (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
  - (c) either:
    - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management of the Company, or
    - (ii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management of the Company.

This should, include benefits in kind, pension rights and compensation payments, including any 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 of the Company;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions of the Company and its subsidiaries. The Remuneration Committee shall also ensure that the levels of remuneration should be sufficient to attract and retain the directors needed to run the Company successfully but should avoid paying more than is necessary for this purpose;
- (f) to review and approve compensation payable to executive directors and senior management of the Company 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 contractual terms and are otherwise reasonable and appropriate; and
- (h) to ensure that no director of the Company or any of his or her associates is involved in deciding his or her own remuneration.

**Publication of these Terms of Reference**

21. These Terms of Reference will be posted on the respective website of the Company and Hong Kong Exchanges and Clearing Limited.