

珠江石油天然氣鋼管控股有限公司  
**CHU KONG PETROLEUM AND NATURAL GAS**  
**STEEL PIPE HOLDINGS LIMITED**  
(Incorporated in the Cayman Islands with limited liability)  
(the “Company”)

**TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE**

**1. Membership**

- 1.1. The Committee shall consist of three members. Members of the Remuneration Committee shall be appointed by the board of directors (the “Board”).
- 1.2. A majority of the members of the Remuneration Committee shall be independent non-executive directors (“INEDs”).

**2. Chairman**

- 2.1. The chairman of the Remuneration Committee shall be appointed by the Board. The chairman should be the independent non-executive director.

**3. Quorum**

- 3.1. The quorum for meetings of the Remuneration Committee shall be any two members.

**4. Frequency of meetings**

- 4.1. The Remuneration Committee shall meet at least once a year.
- 4.2. Unless otherwise specified, the provisions contained in the Company’s Articles of Association for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Remuneration Committee.

**5. Annual general meeting**

- 5.1. The chairman of the Remuneration Committee or in his absence, another member of the Remuneration Committee or failing this, his duly appointed delegate, shall attend the Annual General Meeting of the Company and be prepared to answer questions at the Annual General meeting.

**6. Duties, powers and functions**

The duties of the Remuneration Committee are as follows:-

- (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 policy;

- (b) to make recommendations to the board the specific remuneration packages of all 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 to make recommendations to the Board of all the remuneration of non-executive directors.
- (c) to consider factors such as salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group;
- (d) to review and approve the management's remuneration proposals with reference to board's corporate goals and objectives;
- (e) to review and approve the 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;
- (f) 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;
- (g) to ensure that no director or any of his associates is involved in deciding his own remuneration;
- (h) to review and / or approve the matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"); and
- (i) to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules from time to time.

## **7. Reporting procedures**

7.1. The Remuneration Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Remuneration Committee, the Remuneration Committee Chairman shall report the findings and recommendations of the Remuneration Committee to the Board.

## **8. Others**

8.1. The Remuneration Committee shall be provided with sufficient resources to discharge its duties.

8.2. All members of the Remuneration Committee shall have access to the advice and services of the secretary of the Remuneration Committee with a view to ensuring that procedures of the Remuneration Committee and all applicable rules and

regulations are followed.

- 8.3. In the event that the Remuneration Committee or any member of the Remuneration Committee requires access to outside independent professional advice in connection with its/his duties at the Company's expense. All such requests shall be processed in accordance with the Company's procedures for seeking independent professional advice.
- 8.4. Every member of the Remuneration Committee shall ensure that he can give sufficient time and attention to his duties as a member of the Remuneration Committee. He shall give the Company the benefit of his skills and expertise through regular attendance and active participation.

## **9. Authority**

- 9.1. The Remuneration Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it reasonably requires from any employee and all employees are directed to co-operate with any reasonable request made by the Remuneration Committee.