



HANS ENERGY COMPANY LIMITED

漢思能源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 554)

Remuneration Committee: Terms of Reference

1. GENERAL

1.1 Introduction

The board (the “**Board**”) of directors (the “**Director(s)**”) of Hans Energy Company Limited (the “**Company**”) has established a Remuneration Committee (the “**Committee**”). These Terms of Reference of the Committee (“**Terms of Reference**”) was adopted by the Board to govern the operations of the Committee.

1.2 Membership

- (i) The Committee will consist of members of the Board appointed by the Board and will comprise at least three Directors. The majority of members of the Committee must be independent non-executive Directors of the Company (“**INEDs**”) who shall meet 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 “**Stock Exchange**”) (the “**Listing Rules**”).
- (ii) The chairman of the Committee shall be appointed by the Board and should be an INED.
- (iii) The appointment of the Committee members may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board. For the avoidance of doubts, the Committee members may be removed from the Committee by the Board at its sole and absolute discretion.

- (iv) Each Committee member shall disclose to the Committee:
 - (a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or
 - (b) any potential conflict of interest arising from a cross-directorship.

Any such Committee member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions.

- (v) Save as otherwise appointed by the Committee, the secretary to the Committee shall be the company secretary of the Company (the “**Company Secretary**”), who will keep full minutes of the Committee meetings. In the absence of the Company Secretary, any member of the Committee or any such other person as may from time to time be nominated by the Company Secretary, subject to the approval of the Committee, shall act as the Committee secretary.
- (vi) The composition of the Committee shall comply with the requirements of the Listing Rules as amended from time to time.

2. MEETINGS

- 2.1 Unless otherwise agreed by all Committee members, a meeting shall be convened by at least seven days’ notice. If a Committee 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 Committee members, and a Committee member who attends such a meeting shall deem to agree to the shorter notice.
- 2.2 Notice of meeting may be given either orally or in writing by way of telephone, facsimile or other electronic means.
- 2.3 Unless otherwise agreed, notice of meeting shall specify the venue, time and date of the Committee meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the Committee members for the purposes of the meeting. Such agenda and other documents shall be provided to the Committee members in a timely manner and at least three working days before the meeting.
- 2.4 The quorum of a meeting shall be two members of the Committee and one of them must be an INED.

- 2.5 The chairman (or in his/her absence, a Committee member designated by the chairman) shall preside at all meetings of the Committee. The chairman shall be responsible for leading the Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.
- 2.6 The Committee could invite any executive Directors, external advisers or other individuals to attend the meetings but such executive Directors, advisers or individuals are not entitled to vote at the meetings.
- 2.7 Resolutions of the Committee at any meetings shall be passed by a majority of votes.
- 2.8 The Committees will meet as and when required during the year, but no less than once per year.
- 2.9 Any members of the Committee or other attendees may participate in a meeting of the Committee by attending in person or by means of a telephone conference or similar communication equipment.
- 2.10 Meetings of the Committee shall be summoned by the Committee or its chairman or the secretary of the Committee at the request of any member thereof.
- 2.11 The Committee shall report its actions to the Board.

3. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall include, without limitation:

- 3.1 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;
- 3.2 Having regards to salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere, to review the competitiveness of the Company's executive and management compensation programs to ensure that:
 - i. the Company is able to attract and retain suitable & qualified executives;
 - ii. executives are motivated to achieve the Company's business objectives; and
 - iii. the interests of key employees are aligned with the long-term interests of the shareholders;

3.3 To review trends in compensation, oversee the development of new compensation plans and, when necessary, make recommendations to the Board on the revision of existing plans for:

- i. non-executive Directors;
- ii. individual executive Directors; and
- iii. senior management.

Any remuneration packages include benefits in kind, pension rights and compensation payments for loss or termination of their offices or appointments (Competitive packages needed to attract, retain and motivate executive Directors and senior management of the quality required in line with market practices);

3.4 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;

3.5 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;

3.6 To ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;

3.7 To assist the Chief Executive Officer (“CEO”) in the review of the performance and remuneration of the executive management team. In making any assessments, the Committee will consider:

- i. the Company’s performance and relative shareholder return;
- ii. the compensation of CEO at comparable companies;
- iii. the rewards given to the CEO in past years; and
- iv. other factors as the Committee considers relevant;

3.8 To review and recommend to the Board the compensation of all those corporate officers who are elected by the shareholders at appropriate time periods. The Committee will make recommendations to the Board as to incentive compensation plans and equity-based plans;

- 3.9 To ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and senior management and are designed to align their interests with those of the shareholders and to give the Directors and senior management incentives to perform at highest levels;
- 3.10 To review and recommend to the Board policies relating to employment agreements, severance arrangements, retirement arrangements, and any special or supplemental benefits which may be adopted by the Company. For the avoidance of doubt, compensation arrangements for employees of the Company who are not members of the Board or the CEO, are the responsibility of the CEO subject to the adherence to the broad policies adopted by the Committee and the Board;
- 3.11 To review and make recommendations as to long-term incentive compensation plans – including the share options and equity-based plans are in accordance with the Listing Rules or the employees’ incentive schemes are in compliance with applicable laws and regulations, as applicable;
- 3.12 To operate the Company’s share option scheme or other incentive scheme as they apply to, and recommend to the general meeting(s) of shareholders, grants of options to be made to Directors and senior management, it shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
- 3.13 To liaise with the trustee (if any) of any employee share incentive scheme which is created by the Company for the benefit of employees, senior management or Directors;
- 3.14 To review the terms of executive Directors’ and senior managements’ appointment letters from time to time;
- 3.15 To advise the Board in relation to the preparation of the Board’s remuneration report (if any) to the shareholders;
- 3.16 To have the authority to retain and terminate any compensation consultant to be used to help evaluate the compensation of Directors, the CEO and/or senior executives. The Committee will also have authority to obtain advice and assistance from internal or external legal, accounting or other advisers;

- 3.17 To be sensitive to market practice, including pay and employment conditions within the Group and elsewhere in the industry in which the Group operates, especially when determining annual salary increase;
- 3.18 To advise shareholders of the Company on how to vote in respect of any service contracts of Directors that require shareholders' approval in accordance with the Listing Rules;
- 3.19 To periodically review and reassess the adequacy of these Terms of Reference and the Company's remuneration policy and to recommend any proposed changes in circumstances and changes in regulatory requirements, including those under the Listing Rules to the Board for approval; and
- 3.20 To take up any other duties and responsibilities referred by the Board.

4. MINUTES

- 4.1 Minutes of the Committee meetings should be kept by the secretary of the Committee and should be open for inspection at any reasonable time on reasonable notice by any Director.
- 4.2 Minutes of Committee meetings shall record in sufficient detail the matters considered by the Committee members and decisions reached, including any concerns raised by the Committee members and dissenting views expressed. Draft and final versions of minutes of the Committee meeting shall be sent to all members of the Committee for their comment and records respectively, in both cases within a reasonable time after the meeting.

5. REPORTING PROCEDURES

- 5.1 The chairman of the Committee who chair the meetings or other member of the Committee who is authorised by the chairman of the Committee to chair the meeting shall report to the Board after each meeting of the Committee. Any action taken requires unanimous consent; in absence of such unanimity, the disputed matter will be referred to the full Board for determination.
- 5.2 The secretary of the Committee shall circulate the minutes of meetings of the Committee to all members of the Board upon request.

6. ANNUAL GENERAL MEETING

The chairman or in his/her absence, another Committee member or failing this, the duly appointed delegate of the chairman, shall attend the Company's annual general meeting to answer shareholders' questions on the Committee activities.

7. POWERS OF THE BOARD

The Board may, subject to compliance with the articles of association of the Company and the Listing Rules, amend, supplement and revoke these Terms of Reference.

The power to interpret these Terms of Reference shall vest in the Board.

8. COMMITTEE PERFORMANCE

The Board will from time to time evaluate the performance of the Committee to determine whether it is functioning effectively by reference to current best practice.

9. AUTHORITY

- 9.1 The Committee is authorized by the Board to determine the remuneration payable to executive Directors and senior management of the Company, the emolument policies and the basis for determining such emoluments. The Committee shall report directly to the Board;
- 9.2 The Committee is authorized and encouraged by the Board to obtain external independent professional advice from reputable recognized advisors, at the Company's expense, and to secure the attendance of such external advisors with relevant experience and expertise. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the Terms of Reference for any external remuneration consultant who advises the Committee;
- 9.3 The Committee shall consult the chairman of the Board and/or CEO of the Company about their proposals relating to the remuneration of other executive Directors and senior management of the Company; and
- 9.4 The Committee shall be provided with sufficient resources to discharge its duties, including but not limited to obtaining independent professional advice at the expense of the Company.

10. AVAILABILITY OF THIS TERMS OF REFERENCE

The Committee should make available these Terms of Reference to the public, explaining its role and the authority delegated to it by the Board, by including them on the Stock Exchange's website and the Company's website.

Second amended on 20 October 2022

*In case of any discrepancies or inconsistency between the English version and Chinese version,
the English version prevails*