

HANS ENERGY COMPANY LIMITED

REMUNERATION COMMITTEE - TERMS OF REFERENCE

1. GENERAL

1.1 Introduction

The Board hereby establishes a Remuneration Committee.

Organization

These Terms of Reference govern the operations of the Remuneration Committee.

Membership

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 directors. In addition, the Committee Chairman must be an independent director.

The Chairman should be appointed by the Board.

1.4 Operations

The committees will meet as and when required during the year, but no less than once per year. Meetings may be called for as the Committee or its Chairman determine.

The quorum of every Committee meeting must not be less than two-third of the number of Committee members. The majority of the quorum must be independent directors.

The Company Secretary will be the Secretary of the Committee as well, who will keep minutes of all of its proceedings. The Committee will report its actions to the next meeting of the Board. Committee members will be provided with copies of the minutes at each meeting and any action taken requires unanimous consent; in absence of such unanimity, the disputed matter will be referred to the full Board for determination.

2. PURPOSE

In fulfilling its obligations, the Remuneration Committee assists the Board in discharging its responsibilities relating to compensation policy of the Company's officers and the Compensation of the CEO and any Executive Directors. The Committee has overall responsibility for recommending to the Board broad remuneration policy, and evaluating actual performance in accordance with such policy.

3. DUTIES AND RESPONSIBILITIES

The principal responsibilities of the Remuneration Committee in relation to remuneration are:

- 3.1 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;
- 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;

- 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 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 Chief Executive Officers at comparable companies;
 - iii. the rewards given to the Chief Executive Officer 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 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 want 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;
- 3.10 To review and make recommendations as to long-term incentive compensation plans – including the use of share options and other equity-based plans;
- 3.11 To have the authority to retain and terminate any compensation consultant to be used to help evaluate the compensation of directors, the Chief Executive Officer and/or senior executives. The Committee will also have authority to obtain advice and assistance from internal or external legal, accounting or other advisers;

- 3.12 To periodically review and reassess the adequacy of the Terms of Reference and the Company's remuneration policy and to recommend any proposed changes to the Board for approval; and
- 3.13 To take up any other duties and responsibilities referred by the Board.

4. COMMITTEE PERFORMANCE

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

5. AUTHORITY

- 5.1 The Committee is authorized by the Board to consult the chairman or other chief executive about their remuneration proposal for the other executive directors; and
- 5.2 The Committee is authorized by the Board to be provided with sufficient resources to perform its duties and to have access to professional advice where necessary.

Approved by the Board on 17 June 2005 and revised on 27 March 2012

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