



上海匯舸環保科技集團股份有限公司
CONTIOCEAN ENVIRONMENT TECH GROUP CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2613)

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE OF
THE BOARD OF DIRECTORS**

Chapter 1 General Provisions

- Article 1 Pursuant to the Company Law of the People's Republic of China (the "**Company Law**"), the Articles of Association of ContiOcean Environment Tech Group Co., Ltd. (the "**Articles of Association**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") and other relevant regulations, ContiOcean Environment Tech Group Co., Ltd. (the "**Company**") has set up a remuneration committee (the "**Remuneration Committee**") under the board of directors, and hereby formulated these terms of reference, in an effort to optimize the appraisal and remuneration management system for directors, supervisors and senior management and enhance corporate governance of the Company.
- Article 2 The Remuneration Committee is a specific committee set up by the board of directors. Its main responsibilities are to formulate standards for appraising directors, supervisors and senior management of the Company and conduct assessments; formulate and review the policies for and proposals on the remuneration of directors, supervisors and senior management of the Company. The Remuneration Committee shall be accountable to the board of directors.
- Article 3 For the purposes of these terms of reference, the term "directors" shall refer to all of the directors who receive remuneration from the Company, the term "supervisors" shall refer to all of the supervisors who receive remuneration from the Company, and the term "senior management" shall refer to the senior management mentioned in the prospectus and interim or annual reports of the Company (whichever is the latest). It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the Company's directors, is appropriate.

Chapter 2 Composition

- Article 4 The Remuneration Committee shall comprise at least three (inclusive) directors, the majority of whom shall be independent non-executive directors.
- Article 5 Members of the Remuneration Committee shall be nominated by the chairman/chairlady of the board of directors, more than half of the independent non-executive directors or one-third of all directors, and shall be elected by the board of directors.
- Article 6 The Remuneration Committee shall have a chairperson (the “**chairperson**”) to be served by an independent non-executive director to take charge of the work of the Remuneration Committee. The chairperson shall be appointed by the board of directors.
- Article 7 The term of office of the Remuneration Committee shall be the same as that of the board of directors. Each member of the Remuneration Committee shall be eligible for re-election upon expiry of his or her term of office. During such period, if any member of the Remuneration Committee ceases to be a director of the Company, his or her membership in the Remuneration Committee shall lapse automatically, and the vacancy shall be filled by the person elected by the board of directors according to these terms.

Chapter 3 Duties and Authorities

- Article 8 The Remuneration Committee shall have the following primary duties and authorities:
- (I) to make recommendations to the board of directors on the Company’s remuneration policy and structure for all directors, supervisors and senior management and on the establishment of formal and transparent procedures for formulating the remuneration policy;
 - (II) to review and approve the management’s remuneration proposals with reference to the corporate goals and objectives set by the board of directors (including benefits in kind, pensions and payment of compensation (including the compensation for losing or terminating the office or appointment));
 - (III) to determine the specific terms of the remuneration package for each executive director and senior management;
 - (IV) to make recommendations to the board of directors on the remuneration of non-executive directors;
 - (V) to make recommendations to the board of directors on the remuneration of supervisors;

- (VI) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions for other positions within the group;
- (VII) 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;
- (VIII) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate;
- (IX) to ensure that no director or any of his or her associates is involved in determining his or her own remuneration;
- (X) to evaluate the performance of executive directors and incorporate the evaluation into the annual work summary;
- (XI) to review the terms of the service contracts of directors and supervisors;
- (XII) to review, approve and handle matters relating to share schemes under the responsibility of the Remuneration Committee as referred to in Chapter 17 of the Hong Kong Listing Rules (where applicable); and
- (XIII) other matters as authorized by the board of directors.

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| Article 9 | The board of directors shall have the right to overrule any remuneration plans or packages that may prejudice the interest of shareholders. |
| Article 10 | The Remuneration Committee shall consult the chairperson of the board of directors and/or the chief executive officer (CEO) regarding remuneration proposals for other executive directors. If necessary, the Remuneration Committee shall be entitled to seek independent professional advice. |
| Article 11 | The remuneration plans for directors of the Company proposed by the Remuneration Committee shall be subject to the approval of the board of directors and may be implemented only upon the consideration and approval of the general meeting. The remuneration distribution plan for senior management of the Company shall be subject to the approval by the board of directors. |

Article 12 The Remuneration Committee shall be authorized by the board of directors to seek any necessary information regarding remuneration from the directors and senior management of the Company to perform its duties. Sufficient resources must be provided to the Remuneration Committee for it to perform its duties.

Article 13 The chairperson of the Remuneration Committee or, if absent, another member of the Remuneration Committee (who must be an independent non-executive director) shall be required to attend the annual general meeting of the Company and respond to questions from shareholders regarding the activities and responsibilities of the Remuneration Committee.

Chapter 4 Decision-making Process

Article 14 The working team under the Remuneration Committee shall be responsible for the preliminary preparatory work for the decision-making process of the Remuneration Committee and providing the following information of the Company:

- (I) major financial indicators and fulfillment of operation objectives of the Company;
- (II) scope of responsibility and performance of main duties of the senior management of the Company;
- (III) fulfillment of indicators under the performance evaluation system for the directors and senior management;
- (IV) operational performance of directors and senior management based on their business development and profit-making capability;
- (V) the relevant calculation basis of the remuneration plans and distribution methods formulated according to the results of the Company.

Article 15 The Remuneration Committee shall conduct the following appraisal of directors and senior management based on the following procedures:

- (I) the directors and senior management of the Company shall report his or her work and self-evaluation to the Remuneration Committee of the board of directors;
- (II) the Remuneration Committee shall evaluate the performance of directors and senior management in accordance with the evaluation criteria and procedures;
- (III) the amount of remuneration and forms of incentive of the directors and senior management shall be proposed based on performance appraisal results and remuneration distribution policies, and shall be submitted to the board of directors of the Company after resolving by voting.

Chapter 5 Rules of Procedures

- Article 16 The Remuneration Committee should meet at least once a year. Any member of the Remuneration Committee can call for a meeting.
- Article 17 A notice shall be given to all members three days before the date of a meeting of the Remuneration Committee. The meeting shall be presided over by the chairperson of the Remuneration Committee, and in case the chairperson is unable to attend, he or she may appoint another member of the Remuneration Committee (the member should be an independent non-executive director) to preside over the meeting on his or her behalf. Such notice may be waived with the unanimous consent of all members of the Remuneration Committee. Notwithstanding the notice period, the attendance of the member of the Remuneration Committee at the meeting shall be considered as a waiver of the required notice period by that member.
- Article 18 The quorum of a meeting of the Remuneration Committee shall be not less than two-thirds of the members. Each member shall have one vote. A resolution of the meeting must be passed by more than half of all the members of the Remuneration Committee.
- Article 19 A meeting can be attended in person or via telephone or video conferencing. Members of the Remuneration Committee can attend the meeting via telephone or any similar communication device (all persons attending such meeting should be able to hear from such member via such communication device). Resolutions of the Remuneration Committee, if to be made at a meeting, shall be passed by more than half of its members present at such meeting.
- Article 20 A resolution signed in writing by all members of the Remuneration Committee shall also be valid, with the same effect as if it had been passed at a formally convened and held meeting of the Remuneration Committee.
- Article 21 The Remuneration Committee may invite directors, supervisors and other senior management of the Company to attend its meetings if necessary. Only members of the Remuneration Committee shall have the right to vote at a meeting of the Remuneration Committee.
- Article 22 The Remuneration Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making at the cost of the Company.
- Article 23 When any subject of discussion of the Remuneration Committee relates to a member of the Remuneration Committee at a meeting, such member shall abstain from such meeting.

- Article 24 The procedures for convening of a meeting of the Remuneration Committee, its voting methods and the remuneration policies and distribution plans to be passed at such meeting must comply with the provisions of relevant laws, regulations, the Hong Kong Listing Rules, the Articles of Association and these terms of reference.
- Article 25 The Remuneration Committee shall keep minutes of the meetings. Members present at the meetings shall sign the minutes of the meetings that shall be kept by the secretary of the board of directors of the Company or the secretary of the Remuneration Committee for review by each director. Draft and final versions of the minutes of the meetings of the Remuneration Committee shall be sent to all members of the Remuneration Committee within a reasonable time after the meetings, with the draft for the members to express their opinions and the final version for record purposes.
- Article 26 Resolutions passed and voting results at a meeting of the Remuneration Committee shall be reported in writing to the board of directors of the Company.
- Article 27 Members of the Remuneration Committee present at a meeting shall keep confidential all matters discussed at the meeting and shall not disclose such information without authorization.

Chapter 6 Supplementary Provisions

- Article 28 After consideration and approval by the board of directors, these terms of reference shall come into effective and be implemented upon the initial public offering of the H shares of the Company and from the date of its listing on The Stock Exchange of Hong Kong Limited.
- Article 29 If the relevant provisions of these terms of reference contravene with the national laws, regulations, rules, the Hong Kong Listing Rules, other securities regulatory requirements of the places where the shares of the Company are listed or the Articles of Association as enacted in the future, such relevant national laws, regulations, rules, the Hong Kong Listing Rules, other securities regulatory requirements of the places where the shares of the Company are listed and the Articles of Association shall prevail.