Shanghai REFIRE Group Limited

Terms of Reference of the Remuneration and Appraisal Committee

of the Board of Directors

Chapter 1 General Provisions

Article 1 In order to further establish and enhance the appraisal and remuneration management rules for the directors and senior management personnel of Shanghai REFIRE Group Limited (hereinafter referred to as the "**Company**") and improve its corporate governance structure, the Company has established a remuneration and appraisal committee (hereinafter referred to as the "**Remuneration and Appraisal Committee**") of the board of directors (hereinafter referred to as the "**Board**") and formulated these Terms of Reference pursuant to the Company Law of the People's Republic of China (hereinafter referred to as the "**Company Law**"), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Hong Kong Listing Rules**") and other relevant laws, administrative regulations, departmental rules, normative documents and the Articles of Association of Shanghai REFIRE Group Limited (hereinafter referred to as the "**Articles of Association**") and the Rules of Procedure for the Board of Directors of Shanghai REFIRE Group Limited.

Article 2 The Remuneration and Appraisal Committee is a dedicated working body set up by the Board in accordance with the Articles of Association, which is primarily responsible for studying the appraisal standards and conducting appraisal for directors and senior management personnel of the Company, and studying and reviewing the remuneration policy and schemes for directors and senior management personnel of the Company. It is accountable to the Board and shall report its work to the Board.

Article 3 Directors mentioned in these Terms of Reference refer to the chairperson of the Board and directors (excluding independent non-executive directors) who receive remuneration from the Company, and the senior management personnel refers to the chief executive officer, the president, vice presidents, the financial controller, the Board secretary as appointed by the Board and other senior management personnel as recognized by the Board and under the Articles of Association.

Chapter 2 Composition

Article 4 Members of the Remuneration and Appraisal Committee shall consist of at least three directors, the majority of whom shall be independent non-executive directors.

Article 5 The members of the Remuneration and Appraisal Committee shall be nominated by the chairperson of the Board, at least half of the independent non-executive directors or at least one-third of all the directors, and shall be elected by more than half of all the members of the Board.

Article 6 The Remuneration and Appraisal Committee shall have one chairperson, who shall be an independent non-executive director. The chairperson is responsible for presiding over the work of the Remuneration and Appraisal Committee, and shall be elected by more than half of all the members of the Board.

Article 7 The term of office of the members of the Remuneration and Appraisal Committee shall be consistent with that of the directors of the Company. Each member shall be eligible for re-election upon the expiry of his/her term of office. During his/her term of office, if any member ceases to be a director of the Company, or any member who is an independent non-executive director ceases to possess the independence as required under the Articles of Association, he/she shall automatically cease to be a member of the Remuneration and Appraisal Committee, and the vacancy in the Remuneration and Appraisal Committee shall be filled by the Board in accordance with the provisions of Article 4 to Article 6 above.

Article 8 The Remuneration and Appraisal Committee may set up a working group as its day-to-day working body, which shall specifically be responsible for providing information on the operation of the Company and relevant information of persons to be appraised, preparing for meetings of the Remuneration and Appraisal Committee and implementing relevant resolutions of the Remuneration and Appraisal Committee. Members of the working group need not be members of the Remuneration and Appraisal Committee.

Chapter 3 Duties and Authorities

Article 9 The primary duties and authorities of the Remuneration and Appraisal Committee shall be:

(I) to develop the remuneration policy and structure for all directors and senior management personnel based on the primary duties, scope of work, importance and time commitment of the positions of the directors and senior management personnel, as well as the remuneration levels of relevant positions in the society and other necessary factors;

(II) the remuneration plans or schemes shall include but are not limited to: performance appraisal standards and procedures, primary appraisal system and primary proposals and systems for rewards and punishments, and shall include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(III) to make recommendations to the Board on the establishment of a formal and transparent procedure for developing the remuneration policy;

(IV) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives formulated by the Board;

(V) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management personnel. Such should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(VI) to make recommendations to the Board on the remuneration of non-executive directors;

(VII) to consider salaries paid by comparable companies, time commitment, duties and employment conditions elsewhere within the group;

(VIII) to study the appraisal standards for the directors and senior management personnel and make recommendations to the Board, review the performance of duties of the Company's directors (excluding independent non-executive directors) and senior management personnel, and conduct annual performance appraisals therefor;

(IX) to review and approve compensation payable to executive directors and senior management personnel for any loss or termination of office or appointment to ensure that it is consistent with contractual terms, or is otherwise fair, reasonable and not excessive;

(X) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms, or are otherwise reasonable and appropriate;

(XI) to ensure that none of a director and any of his/her associates (as defined under the Hong Kong Listing Rules), is involved in deciding that director's own remuneration;

(XII) to be responsible for supervising the implementation of the Company's provisions on remuneration, and reviewing the relevant remuneration policy on a regular basis;

(XIII) to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules; and

(XIV) other matters as authorized by the Board.

The Remuneration and Appraisal Committee should consult the chairperson of the Board and/or the chief executive officer about remuneration proposals for other executive directors.

Article 10 The Remuneration and Appraisal Committee shall be accountable to the Board. The Remuneration and Appraisal Committee shall submit its proposals to the Board for consideration and approval.

Article 11 The remuneration plans for directors of the Company proposed by the Remuneration and Appraisal Committee shall be approved by the Board, and then be considered and approved at a general meeting before being implemented. The remuneration distribution plans for the Company's senior management personnel shall be implemented only after approval of the Board.

Articles 12 The Board shall have the right to veto any remuneration plan or scheme that harms the interests of the shareholders.

Chapter 4 Decision-making Procedures

Article 13 The working group under the Remuneration and Appraisal Committee is in charge of making preliminary preparations for the decision-making process of the Remuneration and Appraisal Committee, and providing the following relevant information of the Company:

(I) the fulfillment of the Company's key financial indicators and operational objectives;

(II) the scope of work of the senior management personnel of the Company and their main duties;

(III) the accomplishment of indicators involved in the job performance appraisal system for directors and senior management personnel;

(IV) the business performance of directors and senior management personal in respect of their capabilities in business innovation and profit generation;

(V) the basis for relevant estimation of proposed remuneration distribution plans and distribution methods based on the performance of the Company.

Article 14 The performance appraisal procedures of the Remuneration and Appraisal Committee for directors and senior management personnel are as follows:

(I) directors and senior management personnel of the Company shall report their work and make self-appraisals to the Remuneration and Appraisal Committee;

(II) the Remuneration and Appraisal Committee shall conduct performance appraisals for directors and senior management personnel according to the performance appraisal standards and procedures; and

(III) the Remuneration and Appraisal Committee shall propose the amount of remuneration and the method of rewards for directors and senior management personnel based on the results of job performance appraisals and the remuneration distribution policies, which when approved, shall be reported to the Board.

Article 15 Sufficient resources shall be made available to the Remuneration and Appraisal Committee for its performance of duties. The Remuneration and Appraisal Committee may, if necessary, seek professional opinions from intermediary agencies for its decision-making, with relevant reasonable expenses to be borne by the Company.

Chapter 5 Rules of Procedure

Article 16 Meetings of the Remuneration and Appraisal Committee are categorized into regular meetings and extraordinary meetings. Regular meetings of the Remuneration and Appraisal Committee shall be held at least once a year. The notice of a regular meeting shall be given to all members of the Remuneration and Appraisal Committee five days before the convening of the meeting. The meeting shall be convened and presided over by the chairperson of the Remuneration and Appraisal Committee. If the chairperson of the Remuneration and Appraisal Committee fails to perform his/her duties, he/she may appoint another member (who shall be an independent non-executive director) to convene and preside over the meeting.

The notice of an extraordinary meeting of the Remuneration and Appraisal Committee shall be given to all members three days before the convening of the meeting. Upon unanimous consent of all members, the aforesaid period of notice may be waived.

The means by which the notice is given shall include (without limitation) by personal delivery, fax, post, e-mail and telephone.

Article 17 The meeting notice of the Remuneration and Appraisal Committee shall at least include the following items:

(I) the time and venue of the meeting;

(II) the duration of the meeting;

(III) the agenda to be discussed at the meeting;

(IV) the contact person of the meeting and the way of contact; and

(V) the date of notice of the meeting.

If the meeting notice is given by telephone, it shall at least include items (I) and (II) above. A written record shall be made and the meeting documents shall be sent to all members before the meeting.

Article 18 Meetings of the Remuneration and Appraisal Committee may be held onsite, and the voting at the meetings shall be conducted by poll on a named basis. Upon the unanimous consent of all members, the meetings may be held by video conferencing, telephone conferencing, written resolutions, etc.

Article 19 A meeting of the Remuneration and Appraisal Committee shall not be held unless at least two-thirds of the members (including any member appointing another member to attend the meeting on his/her behalf in writing) attend the meeting. Each member has one vote and the resolutions proposed at the meeting shall be approved by more than half of all members.

Article 20 A member of the Remuneration and Appraisal Committee appointing another member to attend a meeting and exercise the voting right on his/her behalf, shall submit the power of attorney to the chairperson of the meeting, which shall specify the name of the proxy, the matters authorized, and the scope and validity period of the authorization, to which the signature or seal of the principal shall be affixed. In relation to voting on resolutions, the principal should specify his/her opinions to vote for, vote against or abstain from voting on each of the resolutions in the power of attorney. A member should not make or accept proxies without voting instructions, proxies with full discretion, or proxies with an unclear authorization scope. The power of attorney shall not be valid unless it is submitted to the chairperson of the meeting no later than the voting at the meeting.

Article 21 If a member of the Remuneration and Appraisal Committee fails to attend a meeting without appointing another member to attend on his/her behalf, he/she shall be deemed as not having attended such meeting. A member of the Remuneration and Appraisal Committee who fails to attend the meetings for two consecutive times in person or by appointing another member to attend such meetings on his/her behalf shall be deemed as not being capable of properly performing his/her duties and powers, and the Board may revoke his/her membership.

Article 22 After voting of the attending members, the votes cast by each member shall be collected and counted. Where the meeting is held onsite, the chairperson of the meeting shall announce the results onsite; where the meeting is not held onsite, the chairperson of the meeting shall notify each member of the voting results within three days after expiry of the voting deadline.

Article 23 Members of the working group may attend the meetings of the Remuneration and Appraisal Committee. Directors, supervisors and senior management personnel of the Company may also be invited to attend the meeting as observers, where necessary.

Article 24 In the event that the discussion at a meeting of the Remuneration and Appraisal Committee is related to a member, he/she shall abstain from such relevant matters.

Article 25 The convening procedures and voting methods of a meeting of the Remuneration and Appraisal Committee and the remuneration policies and distribution plans passed at the meeting must be in compliance with the relevant provisions of the laws, administrative regulations, other normative documents, the Hong Kong Listing Rules, the Articles of Association and these Terms of Reference.

Article 26 The Remuneration and Appraisal Committee shall maintain minutes of its meetings. The draft and final versions of the minutes shall be sent to all members attending the meeting within a reasonable period of time after the meeting. The draft is sent for comments, and after the meeting, the finalized meeting summary and resolutions should be formulated and reported to the Board (unless otherwise prohibited by laws or regulatory provisions). All members attending the meeting shall sign on the meeting summary and resolutions. Minutes of the meeting shall record in sufficient detail the matters considered and decisions reached at the meeting, including any concerns raised by members or dissenting views expressed. Minutes of the meeting shall be kept by the Board secretary. Minutes of the meeting should be available for inspection at any reasonable time on reasonable notice by any director of the Company. The minutes of the meeting shall be kept for a period of not less than 10 years during the existence of the Company.

Article 27 The resolutions passed at a meeting of the Remuneration and Appraisal Committee and the voting results shall be reported to the Board in writing no later than the following day from the date on which the resolutions at the meetings take effect.

Article 28 Members attending a meeting and persons attending a meeting as observers shall keep all matters discussed at the meeting confidential. Unauthorized disclosures of the relevant information shall be prohibited.

Chapter 6 Annual General Meetings

Article 29 The chairperson of the Remuneration and Appraisal Committee shall attend annual general meetings of the Company, and be available to answer questions raised by any shareholder in relation to matters relating to the Remuneration and Appraisal Committee.

Article 30 Where the chairperson of the Remuneration and Appraisal Committee is unable to attend the annual general meeting of the Company, he/she shall arrange for another member (or, if that member is unable to attend, his/her duly appointed delegate) to attend the meeting, and such person shall be available at the annual general meeting to answer questions raised by any shareholder in relation to the work of the Remuneration and Appraisal Committee.

Chapter 7 Supplementary Provisions

Article 31 Unless otherwise specified, the terms used in these Terms of Reference shall have the same meanings as those in the Articles of Association.

Article 32 The terms "at least" and "within" as referred to in these Terms of Reference shall include the given figure, and the terms "more than" and "below" shall not include the given figure.

Article 33 Any matters not covered by these Terms of Reference shall be dealt with in accordance with the relevant provisions of the laws, administrative regulations, departmental rules and other normative documents, as well as the Hong Kong Listing Rules, Articles of Association, resolutions of the Company's general meetings or other relevant rules and regulations. In case of any inconsistency between these Terms of Reference and the relevant provisions of the laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association as amended in accordance with lawful procedures, the latter shall prevail.

Article 34 These Terms of Reference shall be formulated and amended by the Board, and the Board shall be responsible for interpretation of them.

Article 35 These Terms of Reference shall be considered and approved by the Board, and become effective and be implemented from the date on which H shares publicly issued by the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited. The original Terms of Reference of the Remuneration and Appraisal Committee of the Board shall be automatically invalidated since the effective date of these Terms of Reference.

Shanghai REFIRE Group Limited

(Where there is any inconsistency between the English and Chinese versions of this document, the Chinese version shall prevail.)