

ANTON OILFIELD SERVICES GROUP
(incorporated in the Cayman Islands with limited liability)
(the "Company" which together with its subsidiaries, the "Group")

**Terms of Reference for
Remuneration Committee
(the "Committee")**

1. Constitution

- 1.1 The Committee is established pursuant to a resolution passed by the board of directors (the "Board") of the Company at its meeting held on 17 November 2007.

2. Membership

- 2.1 The Committee members consist of not less than three in number, a majority of independent non-executive directors.
- 2.2 The Committee is chaired by an independent non-executive director.
- 2.3 The members of the Committee shall be appointed and removed by resolutions passed by the Board from time to time.
- 2.4 The Committee should be established with specific written terms of reference which deal clearly with its authority and duties.
- 2.5 The Committee may from time to time appoint Board Secretary or any other person as the secretary of the Committee.

3. Frequency and proceedings of meeting

- 3.1 Regular meetings of the Committee shall be held at least once every year. Additional meetings shall be held as and when necessary.
- 3.2 All meetings of the Committee may be held by telephone or other electronic means.
- 3.3 Unless otherwise agreed by all the Committee members, a meeting shall be called in at least fourteen days' notice. Notice shall be given to each Committee member in person orally or in writing. Notice of meeting shall state the purpose, time and venue of the meeting.
- 3.4 An agenda together with the documents which may be required to be considered by the Committee members for the purposes of the meeting shall be sent in full to all Committee members in a timely manner and in any event not less than 3 days before the intended date of the meeting of the Committee (or such other period as all the Committee members may agree).
- 3.5 The quorum of a meeting shall be two Committee members and a majority of which shall be the independent non-executive directors.
- 3.6 A member of the Committee must abstain from voting on any resolution of the Committee in which he or any of his associates (as defined in the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) has a material interest and shall not be counted towards the quorum of such a meeting at which the relevant resolution is considered by the Committee, unless the exceptions set out in the articles of association of the Company or note 1 to Appendix 3 of the Listing Rules apply.

- 3.7 Resolutions of the Committee shall be passed by a majority of votes of members of the Committee who are entitled to attend and vote at the meeting. Where the number of votes for and against a resolution is the same, the chairman of the Committee shall be entitled to cast an extra vote.
- 3.8 A resolution signed by all the Committee members shall be as valid and effectual as a resolution passed at a meeting of the Committee duly convened and held and may consist of several documents in like form each signed by one or more members.
- 3.9 A Committee member may not appoint any alternate.

4. Principle

- 4.1 The directors' remuneration policy and other remuneration related matters should be disclosed.
- 4.2 The procedure for setting policy on executive directors' remuneration and the all directors' remuneration packages should be formal and transparent.
- 4.3 Remuneration levels should be sufficient to attract and retain directors to run the company successfully without paying more than necessary.
- 4.4 No director should be involved in deciding his own remuneration.

5. Authority

- 5.1 The Committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors.
- 5.2 The Committee should be provided by the Company with sufficient resources to perform its duties.
- 5.3 When necessary, the Committee should seek independent professional advice and assistance, at the Company's expense, to perform its duties, responsibilities and functions.
- 5.4 The Committee has authority to obtain information which it deems necessary at the Company's expense to help it fulfill its duties.
- 5.5 The Committee has authority to review any proposed service contract with any director or senior management before such service contract is entered into and to make recommendation to the Board or Company's human resources department for any changes to the proposed terms of such service contract.
- 5.6 The Committee has authority to make recommendations regarding the remuneration, bonuses and welfare benefits of the executive directors and the senior management
- 5.7 The Committee has authority to exercise such powers as the Committee may consider necessary and expedient so that their duties under section 6 below can be properly performed.
- 5.8 Where the board resolves to approve any remuneration or compensation arrangements with which the Committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.

6. Duties, responsibilities and functions

- 6.1 The Committee shall:-

- (a) 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;
 - (b) review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
 - (c) make recommendations to the board on the remuneration packages* of individual executive directors and senior management;
- * "Remuneration packages" include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.
- (d) make recommendations to the Board of on the remuneration of non-executive directors;
 - (e) consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
 - (f) 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;
 - (g) 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;
 - (h) ensure that no director or any of his associates is involved in deciding his own remuneration; and
 - (i) review and monitor the execution of the Company's Share Option Scheme.
- 6.2 The chairman of the Committee or in his absence, another member of the Committee, shall attend the annual general meeting of the Company to answer questions at the annual general meeting on the Committee's activities and their responsibilities.

7. Records

- 7.1 Draft and final versions of the minutes of the Committee meetings should be sent to all Committee members for their comment and records within a reasonable time after the meeting.
- 7.2 Full minutes of the Committee meetings and written resolutions shall be kept by a duly appointed secretary of the meetings.

8. Reporting procedures

- 8.1 The Committee should report to the Board on a regular basis. At the next Board meeting following a Committee's meeting, the chairman of the Committee shall report the Committee's findings and any matters that related to the directors' and senior management's remuneration policy and other remuneration related matters and make appropriate recommendations.

9. Publication of the terms of reference

- 9.1 The terms of reference of the Committee shall be posted on the websites of the Company and the Stock Exchange, and shall be made available on request.

"Senior management" refers to the same persons referred to in the Company's annual report and required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules.