

**CHIHO ENVIRONMENTAL GROUP LIMITED**  
**齊合環保集團有限公司**  
*(incorporated in the Cayman Islands with limited liability)*

**TERMS OF REFERENCE  
OF  
THE PRICING COMMITTEE**

**CHAPTER 1 GENERAL PROVISIONS**

**Article 1** In order to cope with the most important business risk within Chiho Environmental Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) arising from price changes related to the commodities, the Board of Directors of the Company has established the Pricing Committee and promulgated these Terms of Reference in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the Articles of Association of the Company (hereinafter referred to as the “**Articles**”) and other relevant rules (if applicable).

**Article 2** The Pricing Committee is established by the Board of Directors pursuant to the Articles. It reports to the Board of Directors and its principal functions and responsibilities are to review and determine the offer and selling prices of the Group’s physical stock as well as the Group’s hedging positions requirements on a daily basis, to enhance the risk management of commodity price fluctuations and to ensure an effective risk monitoring system.

**CHAPTER 2 COMPOSITION**

**Article 3** The Pricing Committee shall be appointed by the Board from amongst the directors and senior management of the Company, members of which shall be recommended by the Chairman of the Board of Directors after discussion with relevant directors subject to consideration and approval by the Board of Directors.

**Article 4** The Pricing Committee shall have one chairman who shall oversee the work of the Committee. The chairman shall be nominated by the Chairman of the Board of Directors and appointed by the Board of Directors.

**Article 5** The terms of office of the members of the Pricing Committee shall be in conformity with that of their directorship. Members of the Pricing Committee may be re-elected or re-appointed at the expiry of their terms of office.

If any member ceases to be a director of the Company or cannot continue to be a director due to other reasons during his/her term of office, he/she shall be automatically disqualified from acting as a committee member, and such vacancy shall be filled by the Board of Directors pursuant to Article 3 of these Terms of Reference.

### **CHAPTER 3 AUTHORITY**

**Article 6** The Pricing Committee holds the full delegated authority of the Board, including specifically the power of decision-making, in relation to the Duties set out in these Terms of Reference and including but not limited to deal in metal futures contracts and to determine the range of metal futures contracts that the Group may enter into during the month. The Pricing Committee is authorised by the Board to obtain outside legal or other independent professional advice at the expenses of the Company and to invite the attendance of outsiders with relevant experience and expertise at the Committee meetings if it considers this necessary. If the Pricing Committee considers appropriate or cannot make decision on any matter, the Pricing Committee shall refer such matter to the Board for final decision and resolution.

### **CHAPTER 4 DUTIES**

**Article 7** The duties of the Pricing Committee shall include the following aspects:

- (i) to implement the overall risk strategy;
- (ii) to define the overall maximum risk position;
- (iii) to define the group-wide maximum risk within the divisions copper, ferrous, aluminum
- (iv) to instruct to open new broker accounts;
- (v) to cancel broker accounts; and
- (vi) to instruct for Option trade.

## CHAPTER 5 RULES OF PROCEDURES

**Article 8** The Pricing Committee shall meet on regular basis to review the open positions of the Group and determine (i) the hedging requirements; (ii) the quantity and the price of the metal futures contracts that the Group is going to long and short; (iii) the risk management strategy and approach.

**Article 9** The Pricing Committee shall hold a meeting if proposed by the chairman of the Pricing Committee, more than two members of the Pricing Committee, or the Board of Directors or the Chairman of the Board of Directors.

**Article 10** A notice shall be given to all members of the Pricing Committee three working days prior to the convening of a meeting and the relevant information shall be submitted to each member. In case of emergency that requires the Pricing Committee to convene a meeting as soon as possible, the Pricing Committee may give a notice of the meeting on that day by phone, fax, or e-mail, but the chairman of the Pricing Committee must give an explanation at the meeting.

**Article 11** A meeting of the Pricing Committee shall be presided by the chairman or if the chairman is unable to attend, he/she shall designate another member of the Pricing Committee.

**Article 12** A meeting of the Pricing Committee shall not be held unless more than two-thirds of its members attend. Members of the Pricing Committee shall attend the meeting in person or by way teleconference or other similar communication equipment. If the member is unable to attend the meeting for certain reason, he/she may authorize another committee member in writing to attend the meeting on his/her behalf. The written power of attorney shall set forth the scope of authorization.

**Article 13** If a meeting of the Pricing Committee is held, the relevant personnel of the Company may be invited to attend the meeting when necessary.

**Article 14** The voting of the Pricing Committee shall be taken by show of hands. Each member shall have one vote. Resolutions proposed at the meeting must be approved by more than half of all members of the Pricing Committee.

**Article 15** A resolution in writing signed by all the members of the Pricing Committee shall be as valid and effectual as if it had been passed at a meeting of the Pricing Committee and may consist of several documents in same form each signed by one or more of the members of Pricing Committee. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

**Article 16** The procedures for convening the Pricing Committee, the voting method and the resolutions passed at such meeting shall be in compliance with these Terms of Reference.

**Article 17** Resolutions passed at the meeting of the Pricing Committee and any vote results shall be reported to the Board of Directors of the Company in writing.

**Article 18** Persons participating in the meeting of the Pricing Committee shall undertake confidentiality obligations for all items discussed at the meeting and shall not disclose any information in relation to the meeting unless authorized by the chairman of the Board of Directors or the Board of Directors of the Company.

**Article 19** The Pricing Committee shall record complete minutes. Members of the Pricing Committee who attending the meeting shall sign on the minutes. The Pricing Committee shall submit the minutes to the Board of Directors office of the Company for filing as required by the Company for the inspection of directors at any time.

## **CHAPTER 6 SUPPLEMENTARY PROVISIONS**

**Article 20** Any matters not covered by these Terms of Reference or in the event that these Terms of Reference are inconsistent with the laws, regulations or listing rules as promulgated or amended from time to time after these Terms of Reference become effective, such laws, regulations or listing rules shall prevail and these Term of Reference shall be amended forthwith and submitted to the Board of Directors of the Company for approval.

**Article 21** Interpretation of these Terms of Reference shall be vested in the Board of Directors of the Company.