



CHANGGANG DUNXIN ENTERPRISE COMPANY LIMITED

長港敦信實業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2229)

Terms of Reference of the Remuneration Committee Approved and adopted on 15 May 2013

1. Establishment

- 1.1 The Remuneration Committee was established pursuant to a resolution passed by the Board at its meeting held on 15 May 2013.
- 1.2 The terms of reference of the Remuneration Committee are based on the terms of reference contained in the Code.

2. Membership

- 2.1 Members of the Remuneration Committee shall be appointed by the Board from amongst the members of the Board and shall consist of not less than three members and a majority of which should be independent non-executive Directors.
- 2.2 The Chairman of the Remuneration Committee shall be appointed by the Board and shall be an independent non-executive Director.
- 2.3 The Company Secretary shall be the secretary of the Remuneration Committee. The Remuneration Committee may, from time to time, appoint any other person with the appropriate qualifications and relevant experience as secretary of the Remuneration Committee.

3. Proceedings of the Remuneration Committee

- 3.1 Notice:
 - (a) Unless otherwise agreed by all the members of the Remuneration Committee, a meeting shall be called by at least seven days' notice.

- (b) A member of the Remuneration Committee may and, on the request of another member of the Remuneration Committee, the secretary to the Remuneration Committee shall, at any time summon a Remuneration Committee meeting. Notice shall be given to each member of the Remuneration Committee in person orally or by telephone or in writing sent by post or by email or by facsimile transmission at the telephone or facsimile number or address or email address from time to time notified to the secretary by such member of the Remuneration Committee or in such other manner as the members of the Remuneration Committee may from time to time determine.
- (c) Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting.
- (d) Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Remuneration Committee for the purposes of the meeting.

3.2 Quorum: The quorum of the meeting of the Remuneration Committee shall be two members of the Remuneration Committee and a majority of which shall be the independent non-executive Directors.

3.3 Meetings of the Remuneration Committee shall be held at least once every year or more frequently if circumstances require.

3.4 Only members of the Remuneration Committee have the right to attend meetings of the Remuneration Committee. The Remuneration Committee however may, as it deems necessary, invite persons such as the chairman of the Board, chief executive, any Director, any member of senior management, the head of human resources and external advisers to its meetings.

4. Written Resolutions

4.1 Written resolutions may be passed by all the members of the Remuneration Committee in writing.

5. Overriding Principles

5.1 The procedure for setting policy on executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.

5.2 Remuneration levels should be sufficient to attract and retain Directors to run the Company successfully without paying more than necessary.

5.3 No Director should be involved in deciding his/her own remuneration.

5.4 The Remuneration Committee should consult the chairman and/or chief executive about their remuneration proposals for other executive Director.

6. Alternate Remuneration Committee Member

6.1 A member of the Remuneration Committee may not appoint any alternate.

7. Authority of the Remuneration Committee

7.1 The Committee may exercise the following powers:

- (a) to review any proposed service contract with any Director or senior management before such contract is entered into and to make recommendation to the Company's human resources department for any changes to the proposed terms of such contract;
- (b) to make recommendations regarding the remuneration, bonuses and welfare benefits of the executive Directors and the senior management;
- (c) to request the Board to convene a meeting of the shareholders of the Company for purposes of revoking the appointment of any Director and to dismiss any employees if there is evidence showing that the relevant Director and/or employee has failed to discharge his duties properly;
- (d) to investigate any activity within its terms of reference and the Remuneration Committee is authorised to seek any information it requires from any employee of the Group and all employees of the Group are directed to co-operate with any request made by the Remuneration Committee;
- (e) to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at the Company's expense, if necessary; and
- (f) to exercise such powers as the Committee may consider necessary and expedient so that their duties under paragraph 8 below can be properly discharged.

7.2 The Remuneration Committee should be provided with sufficient resources to discharge its duties.

8. Duties

8.1 The duties of the Remuneration Committee shall be:

- (a) 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 development remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) either:

- (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or
- (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

This should include benefits in kind, pension rights and compensation payment, including any compensation payable for loss or termination of their office or appointment;

- (d) to make recommendations to the Board on the remuneration of non-executive Directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) 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;
- (g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with terms and are otherwise reasonable and appropriate;
- (h) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

9. Minutes and Records

- 9.1 Full minutes of the meetings of the Remuneration Committee and all written resolutions of the Remuneration Committee should be kept by the secretary of the Remuneration Committee.
- 9.2 Minutes of meetings of the Remuneration Committee should record in sufficient detail the matters considered by the Remuneration Committee and decisions reached, including any concerns raised by any Director or member of the Remuneration Committee or dissenting views expressed.
- 9.3 The secretary of the Remuneration Committee shall circulate the draft and final versions of minutes of the meeting of the Remuneration Committee or, as the case may be, written resolutions of the Remuneration Committee to all members of the Remuneration Committee for their comment and records respectively within a reasonable time after the meeting or before the passing of the written resolutions.

9.4 The secretary of the Remuneration Committee shall keep records of all meetings of the Remuneration Committee held during each financial year of the Company and records of individual attendance of members of the Remuneration Committee, on a named basis, at meetings held during that financial year.

10. Annual General Meeting of the Company

10.1 The Chairman of the Remuneration Committee or, in his/her absence, another member (who must be an independent non-executive Director) of the Remuneration Committee shall attend the Company's annual general meeting and be prepared to respond to shareholders' questions on the Remuneration Committee's activities and their responsibilities.

11. Continuing Application of the Articles of Association of the Company

11.1 The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and not inconsistent with the provisions of these terms of reference shall apply, mutatis mutandis, to regulate the meetings and proceedings of the Remuneration Committee.

12. Reporting Procedures

12.1 The Remuneration Committee shall report to the Board on its decisions and recommendations.

13. Definitions

13.1 In these terms of reference, the following words or expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors;
“Code”	Corporate Governance Code set out in Appendix 14 of the Listing Rules;
“Company”	Changgang Dunxin Enterprise Company Limited;
“Company Secretary”	the company secretary of the Company for the time being and from time to time;
“Director”	director of the Company for the time being and from time to time, and “Directors” shall be construed accordingly;
“Group”	the Company and its subsidiaries for the time being and from time to time;
“Remuneration Committee”	the remuneration committee established by resolution of the Board in accordance with paragraph 1.1 of these terms of reference.