

Hengxing Gold Holding Company Limited
恒興黃金控股有限公司
(“the Company”)

TERMS OF REFERENCE
OF
REMUNERATION COMMITTEE
(the “Committee”)
ADOPTED BY THE BOARD ON 5 MAY 2014

Membership

1. The Committee shall consist of not less than three members appointed by the board of directors of the Company (the “Board”), the majority of such members being independent non-executive directors of the Company.
2. The chairman of the Committee must be an independent non-executive director and shall be appointed by the Board.
3. The members of the Committee shall not have any personal financial interest (other than being a shareholder of the Company) or any conflict of interest arising from cross-directorships.
4. The term of membership will be one year from the date of appointment subject to renewal and shall be governed by the provisions of the Articles of Association of the Company.
5. The appointment of the members of the Committee may be revoked, and new appointments may be made in place by resolutions passed by the Board and by the Committee.
6. No alternate Committee member can be appointed.
7. The Company Secretary or his nominee shall act as the secretary of the Committee.

Frequency and proceedings of meetings

8. The Committee shall aim to meet at least twice a year. Additional meetings should be held as and when the Committee considers necessary.
9. The chairman of the Committee may convene additional meetings at his discretion.
10. The quorum of a meeting shall be two members of the Committee, at least one of whom is an independent non-executive director.
11. A member of the Committee shall abstain from voting and shall not be counted in the quorum in the meeting in respect of the resolution regarding the remuneration payable to him.
12. Unless expressly provided otherwise, proceedings of meetings of the Committee shall be governed by the provisions of the Articles of Association of the Company.

Notice of Meetings

13. Notice of meetings shall be given to all members of the Committee at least fourteen days before the meeting.

Committee's Resolutions

14. A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the members of the Committee. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for a Board or Committee meeting to be held.

Authority

15. The Committee is authorised by the Board to review, assess and make recommendations upon any issue within its terms of reference and all employees are directed to cooperate as requested by members of the Committee.
16. The Committee is authorised by the Board to obtain outside legal or other independent professional advice if deemed required and to invite the attendance of outsiders with relevant experience and expertise if it considers necessary.
17. The Committee is to be provided with sufficient resources to perform its duties.

Responsibility

18. The Committee is to review and make recommendations concerning the remuneration packages and benefits of the directors and senior management of the Company as an independent and impartial committee, which has no personal financial interest in the package and/or benefits recommended and which, in setting those remuneration packages, will consider and give due regard to both the performance levels of, and a fair reward for the directors and senior management of the Company and to the interests of all the shareholders of the Company in the light of the financial and commercial circumstances of the Company from time to time. No director shall be involved in deciding his or her own remuneration.
19. The Committee should consult the chairman of the Board and/or the chief executive about their remuneration proposals for other executive directors. The remuneration committee should have access to independent professional advice if necessary.

Duties, powers and functions

20. The Committee is to: -
 - (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) 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.

Remuneration package should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors.

- (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 Company and its subsidiaries;
- (f) to 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) to review and approve the 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) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- (i) consider the granting of share options to directors of the Company pursuant to any share option scheme adopted by the Company where applicable;
- (j) ensure due compliance with any relevant disclosure requirements in respect of the remuneration of directors under the Listing Rules, the Companies Ordinance and any other statutory requirements;
- (k) review and make recommendations to the Board regarding the pension arrangements for directors and senior management;
- (l) report to the Board on any suspected irregularities in the reimbursement of unreasonable out-of-pocket expenses of directors;
- (m) review and approve the interim reports, annual reports, announcements and circulars or any publication of the Company regarding information on the remuneration and service contracts of the directors prior to approval by the Board;

- (n) engage such external legal, financial or other professional advisers to assist and/or advise it on issues as it considers necessary;
- (o) conduct exit interviews with any directors and senior management upon their resignation in order to ascertain the reasons for resignation;
- (p) consider other matters, as defined or assigned by the Board from time to time; and
- (q) ensure the chairman of the Committee, or in the absence of the chairman, another member of the Committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting of the Company.

Reporting Procedures

- 21. The Committee should report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report to the Board on the work, significant decisions, findings and recommendations of the Committee since the last Board meeting unless there are legal or regulatory restrictions on their ability to do so.
- 22. The secretary of the Committee shall circulate the minutes of meetings and all written resolutions of the Committee to all members of the Board, keeping the Board informed of the Committee's activities, decisions and recommendations on a regular basis.
- 23. The Committee shall assist the Company to disclose details of any remuneration payable to members of the senior management by band in the Company's annual report.

Availability and update of the terms of reference

- 24. These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the Listing Rules) in Hong Kong. These terms of reference shall be made available to the public by including the information on the Company's website and the Stock Exchange's website.