

**Feishang Anthracite Resources Limited**

**飛尚無煙煤資源有限公司**

*(incorporated in British Virgin Islands with limited liability)*

(Stock Code: 1738)

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**Terms of Reference for Remuneration Committee**

**FEISHANG ANTHRACITE RESOURCES LIMITED**  
**飛尚無煙煤資源有限公司**  
**(“Company”)**

**Terms of Reference for Remuneration Committee**

*Constitution*

1. The board of directors (“**Board**”) has established a committee known as the Remuneration Committee (“**Committee**”).

*Purpose*

2. The purpose of the Committee is to assist the Board in determining the policy and structure for the remuneration of directors and senior management, reviewing incentive schemes and directors’ service contracts and fixing the remuneration packages for directors and senior management.

*Membership*

3. The members shall be appointed by the Board from amongst the Executive and Non-Executive Directors of the Company and shall consist of not less than three members, a majority of whom should meet the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Two members shall form a quorum, of whom one has to be an independent non-executive director.
4. The Chair of the Committee shall be appointed by the Board and should be an independent non-executive director and in his/her absence, members present may elect any member who is an independent non-executive director to chair a Committee meeting.

*Attendance at meetings*

5. Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when appropriate. The Company Secretary or his/ her delegate or such other person appointed by the Chair shall be the secretary of the Committee (“**Secretary**”).

### *Frequency and procedure of meetings*

6. Meetings shall be held at least once a year or as requested by the director of the Company responsible for human resources function or the Board or the Chair of the Committee, to consider and review the remuneration policies of the Company and make recommendations to the Board. The members of the Committee may adopt from time to time the procedure governing the convening of the Committee meetings, the means and procedure for the passing of resolutions at meetings of the Committee.

### *Authority*

7. The Committee should consult the Chairman of the Board and/or the Chief Executive Officer in making their recommendations relating to the remuneration of the other executive directors. The Committee should have access to independent professional advice if necessary. No director or any of his associate should be involved in deciding his own remuneration.
8. The Committee is authorized by the Board to deal with any activity within its terms of reference. It is authorized by the Board to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
9. The Committee is authorized by the Board to obtain independent outside legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary at the Company's expenses.
10. The Committee may, from time to time, seek advice from the special personnel consulting groups so as to ensure that the Board remains informed of market trends and practices.
11. The Committee shall be provided with sufficient resources to perform its duties.

### *Duties*

12. The duties of the 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 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.

This should, include benefits in kind, pension rights and compensation payments, 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 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 contractual 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;
- (i) to review from time to time as appropriate these terms of reference and the effectiveness of the Committee and recommend to the Board any necessary changes;
- (j) to report to the Board on the matters set out in these terms of reference and where the monitoring activities of the Committee reveal cause for concern or scope for improvement, the Committee shall make recommendations to the Board to address the issue or to make improvements; and
- (k) to consider other topics, as defined by the Board.

*Other procedures*

13. The Secretary of the Committee, in consultation with the Chair of the Committee, should be responsible for drafting the agenda for each Committee meeting. The Chair, with the assistance of the Secretary, shall ensure that all members shall have sufficient information in a timely manner (in any event, at least three days before each Committee meeting) to enable effective discussion at a Committee meeting and be briefed on the issues arising at each Committee meeting. The Secretary shall record minutes of all duly constituted meetings of the Committee. All minutes shall record in sufficient detail the matters considered, decisions reached or recommendations made and any concerns raised by any member including dissenting views of any member. The Secretary shall circulate the draft and final versions of the minutes of meetings and reports of the Committee to all Committee members for their comments and records within a reasonable time after each meeting. The minutes shall be available for inspection at any reasonable time on reasonably notice by any director of the Company. The Chair shall report at the forthcoming regular Board Meeting any key decisions made and shall table before the Board an index of meetings and issues discussed.

*Provision of terms of reference*

14. The Committee should provide the terms of reference upon request and upload them to the Hong Kong Stock Exchange's website and the Company's website to explain the duties of the Committee and the authority the Board granted to it.
15. These terms of reference have been prepared in English and Chinese, and both versions possess equal status and have the same effect.