

**SANMENXIA TIANYUAN ALUMINUM COMPANY LIMITED**  
**TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE**

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***Constitution***

1. The board of directors (the “Board”) of Sanmenxia Tianyuan Aluminum Company Limited (the “Company” or collectively with its subsidiaries, the “Group”) hereby resolves to establish a remuneration committee of the Board (the “Committee”).

***Membership***

2. Members of the Committee shall be appointed by the Board from amongst the directors of the Company. The Committee shall consist of not less than three members, the majority of whom should be independent non-executive directors.
3. The chairman of the Committee shall be appointed by the Board.

***Secretary of the Committee***

4. The company secretary of the Company shall be the secretary of the Committee.

***Attendance at meetings***

5. A quorum shall be two members. Members of the Board, other than those who are members of the Committee, have the right to attend any meetings of the Committee. However, they will not be counted in the quorum.

***Frequency of meetings***

6. Members of the Committee may convene a meeting whenever they consider that one is necessary or appropriate.

***Authorization***

7. The Committee is authorized by the Board to seek any data it requires from any employee of the Group (including members of the Board) within its terms of reference.
8. The Committee is authorized by the Board to obtain independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary or appropriate.

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*Duties*

9. The duties of the Committee shall include, but are not limited to, the following items:
- (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 such remuneration policy;
  - (b) to review and approve any performance-based remuneration offered by the Group with reference to corporate goals resolved by the Board from time to time;
  - (c) to be authorized by the Board to determine the specific remuneration packages of all executive directors and senior management, including benefit in kind, pension right and compensation payment (including compensation for any loss or termination of office or appointment), and to make recommendations to the Board on the remuneration of non-executive directors. The Committee shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management, remuneration levels within the Group and desirability of performance-based remuneration packages;
  - (d) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment in order to ensure that such compensation is determined in accordance with the relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
  - (e) to ensure that no director or any of his associates is involved in deciding his own remuneration; and
  - (f) to make recommendations to the shareholders on how to vote with respect to any service contracts of the directors that require shareholders' approval under Rule 17.90 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

**Sanmenxia Tianyuan Aluminum Company Limited**  
13 June 2004