

---

*The English version of these Terms of Reference is for reference only. In case of any inconsistency with the Chinese version, the Chinese version shall prevail.*



洛陽樂川鉬業集團股份有限公司  
**China Molybdenum Co., Ltd. \***

*(a joint stock company incorporated in the People's Republic of China with limited liability)*  
(Stock Code: 03993)

**Terms of Reference and Operation Rules of the Remuneration Committee**

**CONTENTS**

Chapter 1	General Provisions
Chapter 2	Composition
Chapter 3	Terms of Reference
Chapter 4	Convening and Notice of Meetings
Chapter 5	Consideration and Voting Procedures
Chapter 6	Resolutions and Minutes of Meetings
Chapter 7	Supplementary Provisions

**Chapter 1 General Provisions**

**Article 1** In order to establish and perfect the management system for remunerations of directors (the “**Directors**”) and senior management members (the “**Managers**”) of China Molybdenum Co., Ltd. (the “**Company**”) and improve the Company's corporate governance structure, the board of directors of the Company (the “**Board**”) has resolved to set up the Remuneration Committee (the “**Committee**”) under the Board.

---

**Article 2** In a bid to promote standardized and efficient operation, the Board has formulated this terms of reference (the “**Terms of Reference**”) in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”) and other relevant laws, regulations and regulatory documents, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as well as the Articles of Association of China Molybdenum Co., Ltd. (the “**Articles of Association**”).

**Article 3** The Committee is a special body set up by the Board according to the resolution of the shareholders’ general meeting, mainly responsible for developing appraisal criteria for the performance of Directors and Managers and carrying out such appraisal; formulating and reviewing the policy and plan for remunerations of Directors and Managers of the Company. It reports to the Board.

**Article 4** The Committee shall pass resolutions in compliance with the Articles of Association, the Terms of Reference, the Listing Rules and the requirements of other relevant laws and regulations.

## **Chapter 2 Composition**

**Article 5** The Committee shall consist of at least 3 Directors, more than half of whom shall be independent non-executive Directors.

**Article 6** The Committee shall have one chairman. The chairman shall be appointed by the Board from amongst the Committee members and shall be an independent non-executive Director.

---

**Article 7** The meetings of the Committee shall be chaired by its chairman, who, in case of failure or inability to perform his duties, shall designate a member of the Committee, concurrently being an independent non-executive Director, to act on his behalf.

**Article 8** The term of office for members of the Committee is the same as that of Directors of the Board of the same session. If any member of the Committee ceases to hold the position of Director of the Company during his term of office, his membership shall automatically terminate.

**Article 9** If the number of the Committee members falls to less than three as a result of resignation or removal of members or for other reasons, the Board shall elect new members as soon as possible.

The Committee shall suspend exercise of its duties and functions stated herein until it has three members as required.

**Article 10** The Committee may also appoint from time to time any other individuals with proper qualifications and experience as its secretary.

**Article 11** The requirements of the Company Law, the Articles of Association and the Listing Rules on obligations of Directors are applicable to the Committee members.

### **Chapter 3 Terms of Reference**

**Article 12** The Committee has the following responsibilities, powers and discretions:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on

---

the establishment of a formal and transparent procedure for developing policy on such remuneration, and submit the same to the Board for approval;

2. to have the delegated responsibility to determine the specific remuneration packages of all executive Directors and senior management members, including 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. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Company and desirability of performance-based remuneration;
3. to review the performance-based remuneration by reference to corporate goals resolved by the Board from time to time and to make recommendations to the Board;
4. 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 to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
5. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are

---

determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

6. to ensure that no Director or any of his connected natural persons is involved in deciding his own remuneration; and other matters which the Board considers shall be dealt with and considered by the Committee.

**Article 13** After considering the matters set out in the previous article hereof, the Committee shall report the resolutions of the meeting, along with relevant proposals, to the Board, and submit the same to the Board for approval.

**Article 14** The chairman or (in his absence) another member of the Committee (who must be an independent non-executive Director) shall attend the Company's annual general meeting and respond to the queries of shareholders in respect of the activities and responsibilities of the Committee.

**Article 15** The Committee may consult the Chairman and/or the General Manager of the Company in respect of the remuneration proposals for other executive Directors and senior management members.

**Article 16** In order to discharge its duties, the Committee may, with the authorisation of the Board, request the senior management members of the Company to provide any required information on remuneration.

**Article 17** The Committee may, with the authorisation of the Board, seek independent and professional advice when necessary.

**Article 18** The Committee shall exercise its powers and duties in compliance with the Company Law, the Articles of Association, the Listing Rules and relevant

---

requirements hereof without detriment to the interest of the Company and the shareholders.

**Article 19** In performing its duties, the Committee shall be furnished with sufficient resources for discharging its duties (including independent legal and professional advice), and is entitled to support from related divisions of the Company and reasonable expenses arising therefrom shall be borne by the Company.

#### **Chapter 4 Convening and Notice of Meetings**

**Article 20** The Committee shall hold at least one meeting a year.

**Article 21** The Committee meetings may be held on site or by way of teleconference or video conference. The Committee members may attend the meeting via telephone or similar telecommunications (through which all members present are able to listen to the others).

**Article 22** Notices of the Committee meetings shall be given 14 days in advance and meeting materials shall be despatched to all members 3 days before the meeting is held, unless the notification deadline is exempted by all the members unanimously. Notwithstanding the aforesaid, members attending the meeting shall be deemed an exemption of the above notification deadline.

**Article 23** A meeting notice of the Committee shall be delivered subject to the deadline stated in the previous article.

**Article 24** A meeting notice of the Committee shall include at least the following information:

- 
1. The time and place of the meeting;
  2. the duration of the meeting;
  3. topics to be discussed at the meeting;
  4. the contact person and contact details;
  5. date of the meeting notice.

**Article 25** A meeting notice of the Committee shall be accompanied by the meeting agenda and proposals.

#### **Chapter 5 Consideration and Voting Procedures**

**Article 26** The Committee meeting may not be held unless more than two members are present and one of them must be an independent non-executive director.

The Directors who are not Committee members may attend the Committee meeting, provided that they do not have voting rights on proposals raised at the meeting.

**Article 27** The Chairman and/or General Manager, external advisers and other persons may attend all or some of the Committee meetings at the invitation of the Committee. However, only members of the Committee are entitled to vote at the meeting.

**Article 28** A member of the Committee may attend the meeting in person, or appoint another member to attend and vote at the meeting on his behalf.

A member of the Committee may appoint only one other member to exercise the voting rights on his behalf, and appointment involving two or more members is invalid.

---

**Article 29**           The members of the Committee who appoint another member to attend and vote at the meeting on his behalf shall submit a power of attorney to the chairman of the meeting. The power of attorney shall be presented to the chairman of the meeting before a vote is taken at the meeting.

**Article 30**           The power of attorney shall include at least the following information:

1.       name of the appointer;
2.       name of the proxy;
3.       matters entrusted;
4.       instructions as to how to exercise the voting rights on topics of the meeting (for, against, abstain) and, in the absence of specific instructions, descriptions on if the proxy may vote at his discretion;
5.       validity of the authorisation;
6.       date of signature of the power of attorney.

The power of attorney shall be signed by the appointer and the proxy.

**Article 31**           Members of the Committee who do not attend a meeting in person or appoint another member to attend on his behalf shall be considered to be absent from such meeting.

Should a member fail to attend the meetings of the Committee twice in a row, he shall be deemed to be unable to carry out his duties and the Board may revoke his membership.

**Article 32**           Resolutions made by the Committee shall not be passed unless more than half of all members (including those who are not present) voting in favour.

Each member has one vote.



---

**Article 33** Resolutions on each of the topics are considered after the chairman announces the opening of the meeting.

**Article 34** The Committee members may have a free discussion on topics considered at the meetings, but order shall be preserved. No speaker shall use any offensive or other threatening or insulting language.

The chairman of the meeting has the power to decide the time for discussion.

**Article 35** Matters proposed at the Committee meeting are subject to collective consideration and voting on a case by case basis, i.e. all the proposals are considered by all members present at the meeting and then are put to the vote one by one according to the order of consideration.

**Article 36** The Committee may, if considered necessary, invite other persons in connection with the proposals to attend the meeting to provide detailed information or express their opinions. Those who are not members of the Committee, however, do not have voting rights on the proposals.

**Article 37** Members present at the meeting shall consider the proposals and give full expression of their personal opinions with a conscientious and responsible attitude; members shall be responsible for their own voting.

**Article 38** If the Committee meeting is held on site, voting shall be done by a show of hands in the order of “for”, “against” and “abstain”. Each member present shall have only one vote on one proposal by a show of hands; should a member put his hand up more than once, only the last show of hands is valid. If a member attends the meeting on his own and another member’s behalves, one vote cast by him by a show of hands shall be considered two votes to the extent that his appointer agrees

---

with him on the proposal; otherwise he may cast votes separately according to his own and his appointer's opinions; unless otherwise stated by the proxy on voting, an appointer is deemed to agree with his proxy.

If a Committee meeting is held by teleconference or video conference, voting on resolutions is by signature.

Resolutions executed in written form by all members of the Committee are valid as if they have been passed at a meeting formally convened and held by the Committee.

The chairman of the meeting shall count the votes on each proposal and announce the voting results on the spot, which shall be recorded by the minutes taker.

## **Chapter 6 Resolutions and Minutes of Meetings**

**Article 39** Each proposal on which a prescribed number of valid votes are cast becomes a resolution of the Committee upon announcement by the chairman of the meeting.

Resolutions of the Committee come into effect upon signature by members present at the meeting. No change or alteration shall be made to the resolutions of the Committee that have become effective without going through the legitimate procedure as required by laws, regulations, the Articles of Association, the Listing Rules and the Terms of Reference.

**Article 40** A member or the secretary of the Committee shall report details, discussion draft, regarding the resolutions of meetings to the Board within 3 days after such resolutions are made.

---

**Article 41** The written copies of such resolutions shall be kept by the Company as a corporate archive for a period of no less than 10 years during the subsistence of the Company.

**Article 42** The chairman of the Committee or another member designated by him shall follow up and monitor the implementation of the resolutions of the Committee, and may request and urge persons concerned to remedy the identified breach of resolutions. Should the persons concerned fail to follow such instructions, the chairman or his designated member shall refer the case to the Board.

**Article 43** The Committee shall maintain written minutes on which members attending the meeting and the minutes taker shall sign their names. Members attending the meeting have right to request explanatory remarks on his speech at the meeting to be written down in the minutes.

Meeting minutes shall be kept by the secretary of the Committee. Drafts and final versions of meeting minutes shall be circulated to all members within a reasonable period of time after the meeting for their approval and records. Such meeting minutes shall be available for inspection by Directors.

**Article 44** Minutes of the Committee meetings shall include at least the following information:

1. date and venue of the meeting and name of the convener;
2. names of attendees, with special notes added for proxies;
3. agenda of the meeting;
4. highlights of members' speeches;

- 
5. way of voting on each item or proposal and voting results (numbers of votes cast for, against or abstain shall be set out);
  6. other matters that should be explained or stated in meeting minutes.

## **Chapter 7 Supplementary Provisions**

**Article 45** Unless otherwise required, “**more than**” or “**less than**” referred to herein include the number itself.

**Article 46** Any matter not covered herein shall be subject to relevant laws, regulations or regulatory documents of the State, including the Listing Rules and the regulatory requirements and listing rules of the places on which the Company’s shares are listed (the “**Regulatory Requirements of Listing Places**”) and related provisions of the Articles of Association. In case of any conflict between the Terms of Reference and relevant laws, regulations, regulatory documents, Regulatory Requirements of Listing Places and the Articles of Association, the latter shall prevail.

**Article 47** After consideration and approval by the Board, the Terms of Reference will become effective and be implemented.

**Article 48** The Terms of Reference shall be interpreted by the Board.

March 2012

*\* For identification purposes only*