

**SHOUGANG CENTURY HOLDINGS LIMITED**  
**BOARD COMMITTEE**  
**REMUNERATION COMMITTEE - TERMS OF REFERENCE**

Established on 4<sup>th</sup> April 2005 pursuant to the Code on Corporate Governance Practices effective on 1<sup>st</sup> January 2005.

**1. Functions**

The Remuneration Committee (the “Remuneration Committee”) is appointed by the board (the “Board”) of directors (the “Directors”) of Shougang Century Holdings Limited (the “Company” / “Shougang Century”) to set up formal and transparent procedures for setting policy on executive Directors’ remuneration in the light of current trends and business requirements and for fixing the remuneration packages for all Directors and senior management (if any).

**2. Membership**

2.1 The majority of the members (the “Members”) of the Remuneration Committee shall be independent non-executive Directors (“INEDs”).

2.2 The Chairman and Vice-Chairman of the Remuneration Committee shall be appointed by the Board. The Chairman of the Remuneration Committee shall be an INED.

2.3 The Remuneration Committee may invite any Director, executive or other person to attend any meeting(s) of the Remuneration Committee as it may from time to time consider desirable to assist the Remuneration Committee in the attainment of its objective.

**3. Secretary**

3.1 The Company Secretary shall be the secretary of the Remuneration Committee.

- 3.2 The Company Secretary, or in his / her absence, the Remuneration Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Remuneration Committee and must ensure that full minutes are kept of all meetings.

#### **4. Meetings and Quorum**

- 4.1 The Remuneration Committee shall meet at least once a year.
- 4.2 The meetings and proceedings of the Remuneration Committee are governed by the provisions contained in the Company's Articles of Association for regulating the meetings and proceedings of Directors. However, notice of any meetings has to be given at least 14 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member. Notice of any adjourned meeting is not required if adjournment is for less than 14 days.
- 4.3 The quorum of the Remuneration Committee shall be any three Members, one of whom must be an INED until the Board has otherwise determined.
- 4.4 Meetings could be held in person, by telephone, by video conference or through other electronic means of communication. Members may participate in a meeting by means of said conference or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 4.5 Resolutions of the Remuneration Committee shall be passed by a majority of votes.
- 4.6 A resolution in writing signed by all the Members of the Remuneration Committee shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.

4.7 Minutes shall be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes shall be circulated to all Members for their comments and records respectively, in both cases within a reasonable period of time after the meeting. Such minutes shall be presented to the Board for records.

## **5. Attendance at Meetings**

5.1 At the invitation of the Remuneration Committee, the Chairman and / or Managing Director or Chief Executive, external advisers and other persons may be invited to attend all or part of any meeting.

5.2 Only Members are entitled to vote at the meetings.

## **6. Annual General Meeting**

The Chairman of the Remuneration Committee or in his / her absence, another Member (who must be an INED), shall attend the Company's annual general meeting and be prepared to respond to shareholders' questions on the Remuneration Committee's activities and responsibilities.

## **7. Responsibilities, Powers and Discretion**

The Remuneration Committee shall have the following responsibilities, powers and discretion:-

7.1 to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's (if any) remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- 7.2 to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management (if any), including benefits in kind, pension rights, compensation payments (including any compensation payable for loss or termination of their office or appointment), or to make recommendations to the Board on the remuneration of non-executive Directors, and also to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- 7.3 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 7.4 to review and approve compensation payable to executive Directors and senior management (if any) 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;
- 7.5 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;
- 7.6 to consider the annual performance bonus for executive Directors and senior management (if any), having regard to their achievements against the performance criteria, and make recommendation to the Board;
- 7.7 to ensure that no Director or any of his / her associates is involved in deciding his / her own remuneration; and
- 7.8 to exercise such other powers, authorities and discretion, and perform such other duties, of the Directors in relation to the remuneration as the Board may from time to time delegate to it, having regard to Corporate Governance Code of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

## **8. Reporting Responsibilities**

The Remuneration Committee shall make a statement or report to the Board after each meeting and disclose and publish in the annual report or other report as required subject to the Listing Rules amended from time to time.

## **9. Authority**

9.1 The Remuneration Committee shall consult the Chairman and / or Managing Director or Chief Executive about their remuneration proposals for other executive Directors;

9.2 The Remuneration Committee is authorised by the Board to seek any remuneration related information it requires from senior management of the Company in order to perform its duties;

9.3 The Remuneration Committee shall be provided with sufficient resources to collect relevant external data, if required to perform its duties; where necessary; and

9.4 The Remuneration Committee is authorised by the Board where necessary to have access to independent professional advice at Shougang Century's expense, to perform its duties.

Note: Arrangement to seek professional advice can be made through the Company Secretary.

## **10. Terms of Reference**

10.1 The terms of reference will be reviewed on annual basis and as required.

10.2 The terms of reference explaining Remuneration Committee's role and the authority delegated to it by the Board is posted on the websites of the Company and The Stock Exchange of Hong Kong Limited. A copy of the terms of reference is made available to any person without charge upon request.

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