

*Important Note: The following document is an English translation of its Chinese version . In case of any discrepancies or inconsistencies, the Chinese version shall always prevail.*

## **Rules of Procedures of the Remuneration Committee under the Board of Directors of China BlueChemical Ltd.**

### **1. GENERAL PROVISIONS**

- 1.1 To safeguard the legitimate rights and interests of shareholders of China BlueChemical Ltd. (hereinafter referred to as the “Company”), regulate the proceedings of the remuneration committee under the board of directors of the Company (hereinafter referred to as the “Remuneration Committee”), establish an effective monitoring and incentive mechanism and enhance the structure of corporate governance, these Rules of Procedures are formulated in accordance with the provisions of the Articles of Association of China BlueChemical Ltd., the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”) and relevant laws, regulations and regulatory documents while taking into consideration the actual circumstances of the Company.
- 1.2 The Remuneration Committee is a special committee established under and accountable to the board of directors.
- 1.3 The Remuneration Committee is responsible for studying and reviewing remuneration policies and plans for directors, supervisors and senior management of the Company (including the chief executive officer (CEO), president, executive vice president, chief financial officer (CFO), vice president and secretary to the board of directors etc.).

### **2. MEMBERS AND ORGANIZATIONAL STRUCTURE**

- 2.1 The Remuneration Committee shall comprise at least three directors, the majority of whom shall be independent non-executive directors.
- 2.2 Members shall be appointed or removed by the board of directors. The term of office of members is the same as their term of office as directors of the Company. However, the board of directors may make adjustment to their term of office as members prior to expiry as needed.
- 2.3 The Remuneration Committee shall have one chairman to be acted by an independent non-executive director from among members. The chairman shall be nominated by the chairman of the Company, subject to the consideration and approval by the board of directors.

### **3. OPERATIONAL PROCEDURES**

- 3.1 Meetings of the Remuneration Committee shall include regular meetings and interim meetings. Regular meetings shall be convened at least once a year whereas interim meetings may be convened upon proposal by more than one-half of the members or the chairman of the Remuneration Committee.
- 3.2 Meetings shall be presided over by the chairman and the chairman, if unable to attend, may appoint another member who shall be an independent non-executive director to preside over the meeting.
- 3.3 Meetings shall be held by more than two-thirds of the members attending the meeting. Each member has one voting right. Resolutions adopted at the meeting shall be passed by more than one-half of all members. If members are unable to attend the meeting for some reason, they may appoint another member in writing to attend the meeting and exercise the voting right on their behalf.
- 3.4 The Remuneration Committee shall maintain minutes and/or resolutions of the meeting where all members attending the meeting shall sign on the minutes. Resolutions of the meeting shall be signed by the chairman of the Remuneration Committee and the minutes and/or resolutions of the meeting shall be reported to the board of directors.
- 3.5 Meetings may be convened in the form of communications over written resolutions. Written resolutions shall be delivered to all members by methods including email, facsimile, express mail and personal delivery. Members shall, upon voting on the resolutions, return the signed originals to the Company for filing. Where the majority of all members have given their signatures agreeing to the resolution, such resolution shall be considered to have passed by the Remuneration Committee.
- 3.6 The Remuneration Committee may invite directors, supervisors and senior management of the Company to sit in on the meeting.
- 3.7 The Remuneration Committee shall consult the chairman of the board of directors and/or the chief executive officer on its recommendations in respect of the remuneration of other executive directors and may seek independent professional advice when necessary.
- 3.8 The Remuneration Committee shall be provided with adequate resources to discharge its duties and powers.
- 3.9 The Remuneration Committee shall make disclosure of its terms of reference to explain its functions and responsibilities as well as other powers delegated by the board of directors.

#### **4. RESPONSIBILITIES**

The terms of reference of the Remuneration Committee authorized by the board of directors shall include requirements provided in B.1.2 of Section B.1 of the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules (hereinafter referred to as the “Code on Corporate Governance Practices”) (the actual terms of reference shall be governed by the Listing Rules and its requirements which are subject to revision from time to time). The main contents are set out as below:

- 4.1 The Remuneration Committee shall make recommendations to the board of directors on the formulation of remuneration policies and plans for directors, supervisors and senior management of the Company and the establishment of formal and transparent procedures for setting remuneration policies, including but not limited to performance appraisal criteria and procedures, main assessment structures as well as major reward and disciplinary programs and systems.
- 4.2 The Remuneration Committee shall review and approve management's pay proposals in accordance with corporate policies and objectives set forth by the board of directors.
- 4.3 The Remuneration Committee is authorized by the board of directors to determine remuneration packages, including non-monetary benefits, pension rights and compensation payments (including compensation for the loss or termination of office or appointment) for all executive directors, supervisors and senior management of the Company and shall make recommendations to the board of directors on the remuneration of non-executive directors. The Remuneration Committee shall, in determining or making recommendations on pay proposals for directors, supervisors and senior management, take into consideration factors including remuneration paid by comparable companies, time and duties required and terms of employment of other positions within the group.
- 4.4 The Remuneration Committee shall examine the performance of the Company's directors and senior management in discharging their duties.
- 4.5 The Remuneration Committee shall listen to the report of the Company on the implementation of the pay system.
- 4.6 The Remuneration Committee shall review and approve compensation payable to executive directors and senior management of the Company in relation to the loss or termination of office or appointment to ensure that such compensation is determined in accordance with relevant contractual provisions. If unable to determine such compensation in accordance with relevant contractual provisions, the relevant compensation shall still be fair and reasonable, without creating a heavy burden on the Company.
- 4.7 The Remuneration Committee shall review and approve compensation arrangements involved in the dismissal or removal of directors due to their misconduct to ensure that such arrangements are determined in accordance with relevant contractual provisions. If unable to determine such arrangements in accordance with relevant contractual provisions, the relevant compensation shall still be reasonable and appropriate.
- 4.8 The Remuneration Committee shall ensure that no director or related person shall be involved in determining his own remuneration; and
- 4.9 The Remuneration Committee shall deal with other matters authorized by the board of directors.
5. **DUTIES AND POWERS OF THE CHAIRMAN OF THE REMUNERATION COMMITTEE**

- 5.1 The chairman shall convene and preside over regular and interim meetings of the Remuneration Committee.
- 5.2 The chairman shall supervise and examine the implementation of resolutions adopted by the Remuneration Committee.
- 5.3 The chairman shall execute important documents of the Remuneration Committee.
- 5.4 The chairman shall report the work of the Remuneration Committee to the board of directors on a regular basis or in accordance with the arrangements of the board of directors.
- 5.5 The chairman shall perform other duties and powers delegated by the board of directors.

## **6. MISCELLANEOUS**

- 6.1 Unless otherwise defined, the expression of “at least” referred to in these Rules of Procedures shall include the figure mentioned.
- 6.2 These Rules of Procedures shall take effect from the date of approval by the board of directors and the same applies to any amendments made.
- 6.3 The interpretation of these Rules of Procedures shall be vested in the board of directors.

Second amendment as of 29.Mar.2012  
First amendment as of 26.Aug.2009  
Formulated as of 25.Apr.2006