

APAC RESOURCES LIMITED
(the “Company”)

Terms of Reference

Remuneration Committee

These terms of reference were approved and adopted by the resolutions of the board of directors of the Company (the “**Board**”) passed on 5 October 2007 and amended on 27 February 2012 for adoption with effect from 1 March 2012.

1. Constitution

- 1.1 The remuneration committee (the “**Committee**”) is formally established and constituted as a committee of the Board in accordance with the Bye-Laws of the Company.
- 1.2 The terms of reference for the Committee outlined below are defined and approved by the Board and may be amended by the Board at any time.

2. Membership

- 2.1 The members of the Committee shall be appointed by the Board. The Committee shall consist of not less than three members, a majority of whom should be independent non-executive directors.
- 2.2 The Board shall appoint the Chairman of the Committee (the “**Committee Chairman**”) who should be an independent non-executive director. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.
- 2.3 Only members of the Committee have the right to attend and vote at Committee meetings. However, other individuals such as the chairman, chief and external advisers of the Company may be invited to attend for all or part of any meeting as and when appropriate.

3. Secretary

- 3.1 The Committee Chairman may from time to time appoint any person with appropriate qualification and experience as the secretary of the Committee (the “**Secretary**”). Unless the Committee Chairman decides otherwise, the company secretary of the Company shall be the Secretary.

- 3.2 Full minutes of the meetings should be kept by the Secretary and should be open for inspection at any reasonable time on reasonable notice by any director.
- 3.3 Draft and final versions of minutes should be sent to all Committee members for their comment and records respectively, within a reasonable time after the meeting is held.

4. Meetings

- 4.1 The Committee shall meet at least once a year. Additional meetings shall be held as the work of the Committee demands.
- 4.2 The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 4.3 A meeting of the Committee may be called by any member of the Committee or the Secretary.
- 4.4 Unless otherwise agreed, notice of each meeting together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and to any other person required to attend no later than 3 working days before the date of the meeting. Supporting papers shall be sent to the members of the Committee and to other attendees as appropriate, at the same time.
- 4.5 The meetings and proceedings of the Committee shall be governed by the provisions contained in the Company's Bye-Laws for regulating the meetings and proceedings of the Board so far as the same are applicable. A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may be contained in a single document or may consist of several documents all in like form. For the purpose of these regulations, "in writing" and "signed" include approval by telex, facsimile, cable and telegram.

5. Duties, Powers and Functions

- 5.1 The Committee is authorised by the Board to seek any remuneration related information it requires from senior management and/or any employee of the Company in order to perform its duties.
- 5.2 The Committee is authorised by the Board where necessary to obtain outside professional advice at the Company's expense.

5.3 The Committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors. The Committee should have access to independent professional advice if necessary.

5.4 The duties of the Committee include:

- (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) 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, discretionary performance based bonus 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 and independent 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; and
- (i) to undertake any other duties as directed by the Board.

6. Reporting Responsibilities

- 6.1 The Committee shall report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.3 The Committee Chairman or failing him, another member of the Committee or failing him, his duly appointed delegate should attend the Company's annual general meeting and be available to answer questions at the annual general meeting.

7. Publication of this Terms of Reference

- 7.1 The terms of reference of the Committee will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited.