



Sino Prosper State Gold Resources Holdings Limited
(“Company”)

Terms of reference of the Remuneration Committee (“Committee”)
of the Board of Directors (“Board”) of the Company

1. Constitution

1.1 The Committee is established pursuant to a resolution passed by the Board at its meeting held on 18 July 2005.

2. Membership

2.1 Members of the Committee shall be appointed by the Board from amongst the members of the Board and shall consist of not less than three members and a majority of which should be independent non-executive directors of the Company.

2.2 The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.

2.3 The secretary of the Committee shall be appointed by the Board. In the absence of the secretary of the Committee, Committee members present at the meeting may elect among themselves or appoint another person as the secretary for that meeting.

2.4 The appointment of the members of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee. An appointment of Committee member shall be automatically revoked if such member ceases to be a member of the Board.

3. Proceedings of the Committee

3.1 *Notice:*

(a) Unless otherwise agreed by all the Committee members, a meeting shall be called by at least seven days' notice. Irrespective of the length of notice being given, attendance of a Committee member at a meeting constitutes a waiver of such notice unless the Committee member attending the meeting attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting has not been properly convened.

(Note: Pursuant to paragraph A.1.3 of Appendix 14 of the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, regular board meetings should be called by, so far as practicable, at least 14 days' notice.)

- (b) A Committee member may and, on the request of a Committee member, the secretary to the Committee shall, at any time summon a Committee meeting. Notice shall be given to each Committee member in person orally or in writing or by telephone or facsimile transmission at the telephone or facsimile or address from time to time notified to the secretary by such Committee member or in such other manner as the Committee members may from time to time determine.
 - (c) Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting.
 - (d) Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the meeting.
- 3.2 ***Quorum:*** The quorum of the Committee meeting shall be three members of the Committee and a majority of which shall be the independent non-exclusive directors.
- 3.3 Meetings shall be held at least once every year to set policy on executive directors' remuneration and to fix the remuneration packages for all directors.
- 3.4 No Committee member may vote on any resolution of the Committee regarding his own remuneration.
- 3.5 Written resolutions may be passed by all Committee members in writing.
- 4. Overriding principles**
- 4.1 Levels of remuneration should be sufficient to attract and retain the directors needed to run the company successfully, but companies should avoid paying more than is necessary for this purpose.
- 4.2 No director should be involved in deciding his own remuneration. [CP B.1]
- 4.3 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. [CP B.1.1]
- 5. Alternate Committee members**
- 5.1 A Committee member may not appoint any alternate.
- 6. Authority of the Committee**
- 6.1 The Committee may exercise the following powers:
- (a) to review any proposed service contract with any director or senior management before such contract is entered into and to make recommendation to the Company's human resources department for any changes to the proposed terms of such contract. For the purpose of these terms of reference, "senior management" shall be the category of persons, the relevant particulars of whom are required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules;

- (b) to make recommendations regarding the remuneration, bonuses and welfare benefits of the executive directors and the senior management;
- (c) to request the Board to convene a shareholders' meeting for purposes of revoking the appointment of any director and to dismiss any employees if there is evidence showing that the relevant director and/or employee has failed to discharge his duties properly;
- (d) to obtain outside legal or other independent professional advice at the expenses of the Company on any matters within these terms of reference as it considers necessary and to secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary; and **[CP A.1.6]**
- (e) to exercise such powers as the Committee may consider necessary and expedient so that their duties under section 7 below can be properly discharged.

6.2 The Committee should be provided with sufficient resources to perform its duties. **[CP B.1.4]**

7. Duties [CP B.1.2]

7.1 The duties of the Committee shall be:

- (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 by reference to corporate goals and objectives resolved by the Board;
- (c) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights 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;
- (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 (as defined under the Listing Rules) is involved in deciding his own remuneration; and
- (i) to consider other matters, as defined or assigned by the Board from time to time.

8. Reporting procedures

- 8.1 Full minutes of the meetings of the Committee should be kept by the secretary of the Committee. The secretary of a Committee meeting shall prepare the initial draft minutes of that meeting. Draft and final versions of minutes of the meeting of the Committee or, as the case may be, written resolutions should be sent by the secretary of the Committee to all members of the Committee for their comment and records respectively, in both cases within a reasonable time after the meeting (generally, meaning within 14 days after the meeting). Once the minutes are signed, the secretary of the Committee shall circulate the minutes and reports of the Committee to all members of the Board and the company secretary.
- 8.2 The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements). [CP D.2.2]
- 8.3 The secretary of the Committee shall keep record of all meetings of the Committee held during each financial year of the Company and records of individual attendance of members of the Committee, on a named basis, at meetings held during that financial year.

9. Annual general meeting [CP E.1.2]

The chairman of the Committee or in his absence, another member of the Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to answer questions at the annual general meeting on the Committee's activities and their responsibilities.

10. Continuing application of the articles of association of the Company

The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

11. Powers of the Board

The Board may, subject to compliance with the articles of association of the Company and the Listing Rules, amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

12. Publication of the terms of reference of the Committee [CP B.1.3]

The Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the respective websites of the Company and The Stock Exchange.

26 March , 2012