



LONKING HOLDINGS LIMITED

中國龍工控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3339)

Terms of Reference for Remuneration Committee

1. Purpose

The purpose of the remuneration committee (the “Remuneration Committee”) of Lonking Holdings Limited (the “Company”) is to assist its board of directors (the “Board”) in determining the policy and structure for the remuneration its executive directors, evaluating the performance of its executive directors, reviewing incentive schemes and directors’ service contracts and fixing the remuneration packages for all its directors and senior management.

2. Membership

2.1 The Remuneration Committee shall comprise a minimum of three members who shall be appointed by the Board. The majority of the members of the Remuneration Committee shall be independent non-executive directors of the Company. The quorum of the meetings of the Remuneration Committee shall be two members.

2.2 The chairman of the Remuneration Committee (the “Chairman”) shall be appointed by the Board and shall be an independent non-executive director of the Company.

3. Secretary

3.1 The company secretary of the Company (or his/her delegate) shall be the secretary of the Remuneration Committee.

3.2 The Remuneration Committee may from time to time appoint any person with appropriate qualification and experience as the secretary of the Remuneration Committee.

4. Meetings

4.1 The Remuneration Committee shall meet at least annually or more frequently if circumstances require.

4.2 The Chairman shall preside at all meetings of the Remuneration Committee. In the absence of the Chairman, the remaining members present shall elect one of themselves (who shall be an independent non-executive director) to chair the meeting.

5. Authority

- 5.1 The Remuneration Committee shall have full access to management of the Company and may invite members of management of the Company or others to attend its meetings. The Remuneration Committee should consult the chairman and/or chief executive officer of the Company about their remuneration proposals for other executive directors.
- 5.2 The Remuneration Committee is authorised by the Board to obtain independent professional advice if necessary.
- 5.3 The Remuneration Committee shall be provided with sufficient resources to perform duties.

6. Responsibilities and Duties

The Remuneration Committee shall perform the following duties:

- 6.1 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;
- 6.2 to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. Remuneration packages may include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 6.3 to make recommendations to the Board on the remuneration of non-executive directors;
- 6.4 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group. The Remuneration Committee should also ensure that the remuneration levels should be sufficient to attract and retain directors to run the Company successfully without paying more than necessary;
- 6.5 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives resolved by the Board from time to time;
- 6.6 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;
- 6.7 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; and

- 6.8 to ensure that no director or any of his associates is involved in deciding his own remuneration.

7. Reporting Procedures

- 7.1 The Remuneration Committee shall evaluate and assess its effectiveness and the adequacy of its terms of reference on an annual basis and recommend any proposed changes to the Board.
- 7.2 Full minutes of the meetings of the Remuneration Committee should be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes of meetings should be sent to all members of the Remuneration Committee for their comment and records within a reasonable time after the meeting. Final versions of the minutes of meetings of the Remuneration Committee shall be sent to all Board members as soon as practicable after the conclusion of any meeting of the Remuneration Committee.

8. Annual General Meeting

The Chairman, or in his/her absence, another member of the Remuneration Committee, or failing this his/her duly appointed delegate shall attend the annual general meetings of the company prepared to respond to any shareholder questions at the meeting.

* *for identification purposes only*