Rare Earth Magnesium Technology Group Holdings Limited

Terms of Reference for Remuneration Committee
(Adopted by the Board on 20th March, 2012)

1. Membership

1.1 The Remuneration Committee ("Committee") shall comprise of at least three members, each of whom shall be appointed by the Board.

1.2 The majority of the members ("Members") of the Committee shall be independent non-executive Directors.

1.3 The Chairman of the Committee must be an independent non-executive Director and shall be appointed by the Board.

2. Secretary

2.1 The Company Secretary shall act as the secretary of the Committee.

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

3. Quorum

The quorum necessary for the transaction of business shall be two.

4. Meetings

The Committee shall meet at least once a year.

5. Notice of Meetings

Notice of any meetings has to be given at least three 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 meetings is not required if adjournment is for less than three days.

6. Minutes of Meetings

6.1 Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.

6.2 Resolutions of the Committee at any meetings shall be passed by a majority of votes of the Members present.

6.3 A resolution in writing signed by all the Members shall be valid and effectual as if it had passed at a meeting of the Committee duly convened and held.

7. Annual General Meeting

The Chairman of the Committee or in his/her absence, another Member of the Committee, shall attend the Company's Annual General Meeting and be prepared to respond to shareholders' questions on the Committee's activities and their responsibilities.

8. Duties

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

8.1 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

8.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

8.3 either (i) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or (ii) 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 and compensation payments, including any compensation payable for loss or termination of their office or appointment;

8.4 to make recommendations to the Board on the remuneration of non-executive Directors;

8.5 to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group;

8.6 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;

8.7 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

8.8 to ensure that no Director or any of his associates is involved in deciding his own remuneration.

9. Authorities

9.1 The Committee is authorized by the Board to seek any information it requires from senior management of the Company in order to perform its duties.

9.2 The Committee is authorized by the Board where necessary to have access to independent professional advice.

9.3 The Committee shall be provided with sufficient resources to discharge its duties.

10. Reporting procedures

At least annually, the Committee should report 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).