

# **Terms of Reference of the Nomination Committee under the Board of Shandong Gold Mining Co., Ltd.**

## **Chapter 1 General Provision**

**Article 1** In order to regulate the appointment of senior executives of the Company, optimize the constitution of the Board and improve the corporate governance structure, the Company has set up the Nomination Committee under the Board and formulated these rules in accordance with the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of Shandong Gold Mining Co., Ltd. (hereinafter referred to as the "Articles of Association") and other relevant provisions.

**Article 2** The Nomination Committee under the Board is a specific working body set up by the Board. Its main responsibilities are to select and submit proposals on the standards and procedures for selecting candidates for directors and senior management of the Company.

## **Chapter 2 Composition**

**Article 3** The Nomination Committee shall comprise three to five directors, of whom the independent directors shall be the majority, with at least one member of a different gender.

**Article 4** Members of the Nomination Committee shall be nominated by the chairman of the Board, more than half of the independent directors or one-third of all directors, and shall be elected by the Board.

**Article 5** The Nomination Committee shall have a chairman (convener) who shall be an independent director and be responsible for leading the work of the Committee. The chairman of the Committee shall be elected from the members, subject to the approval of the Board.

**Article 6** The term of office of the Nomination Committee shall be the same as that of the Board. A member of the Nomination Committee may serve consecutive terms if re-elected upon the expiration of his term. If any member resigns from the position of director during his term of office, he shall automatically lose the position of Committee members, the vacancy shall be filled by the person elected by the Committee in accordance with the provisions of Articles 3 to 5 above.

**Article 7** The supporting department of the Nomination Committee is the Company's human resources department, which is responsible for collecting and researching work documents of the Committee, conducting daily liaison work and arranging meetings.

### Chapter 3 Responsibilities and Authorities

**Article 8** The primary responsibilities and authorities of the Nomination Committee include:

- (I) to make recommendations to the Board about the size and the composition of the Board according to operating activities, size of assets and shareholding structure of the Company. To review the structure, size, composition and relevant qualifications (including skill, expertise and experience) of the Board at least once annually, assist the Board in maintaining a board skills matrix; make recommendations on any adjustment to the Board pursuant to the development strategy of the Company, and formulate a diversity policy for the Board;
- (II) to study the selection criteria, procedures and methods of directors and senior management and to make recommendations in this regard to the Board;
- (III) to identify for competent candidates of directors and senior management extensively;
- (IV) to review and make recommendations to the Board on the candidates for directors and senior management, and provide advice to the Board on the appointment or re-appointment of directors and succession plan for directors, in particular the chairman of the Board and the general manager;
- (V) to screen the candidates for other management members and provide advice to the Board; to conduct a review and make recommendations on other senior management members who are subject to appointment by the Board;
- (VI) to evaluate the overall skill, expertise and experience of directors and senior management and assess the independence of the independent directors;
- (VII) to assist the Company's regular evaluation of the Board's performance;
- (VIII) other matters stipulated by laws, administrative regulations, the requirements of the China Securities Regulatory Commission, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

**Article 9** The Nomination Committee shall be accountable to the Board. The Committee shall submit nomination proposals to the Board for examination and decision. Without sufficient reasons or reliable evidence, the controlling shareholders shall fully respect the proposals made by the Nomination Committee, and shall not propose an alternate candidate for directors or senior management.

## **Chapter 4 Decision-making Procedures**

**Article 10** The Nomination Committee shall formulate selection requirements, procedures and term of office of directors and senior management of the Company based on governing laws and regulations and the Articles of Association as well as the Company's actual conditions, and shall formulate resolutions and submit them to the Board for approval and implementation of such resolutions.

**Article 11** The selection process of directors and senior management is as follows:

- (I) the Nomination Committee should actively communicate with relevant departments and study the Company's demand for directors and senior management, and formulate written materials;
- (II) the Nomination Committee may search extensively for candidates for directors and senior management from the Company, its holding (associate) enterprises and the HR market;
- (III) gather information about the occupation, academic qualifications, post title, detailed work experience and all the concurrent posts of the candidates and present such information in writing;
- (IV) seek the nominees' consent for nomination; otherwise, the nominees cannot be the candidates for directors or senior management;
- (V) convene a Nomination Committee meeting to review the qualifications of the candidates on the criteria for directors and senior management;
- (VI) make suggestion to the Board regarding the candidates for directors and new senior management and submit the relevant information to the Board one to two months prior to the election of new directors and appointment of new senior management;
- (VII) Complete other follow-up work according to the decision and feedback from the Board.

## **Chapter 5 Procedural Rules**

**Article 12** The Nomination Committee shall be held at least two times a year, and members shall be given not less than three days' prior notice before the convening of a Nomination Committee meeting. Meetings shall be chaired by the chairman of the Committee. If the chairman cannot attend the meeting, he may appoint another member (independent director) to chair the meeting. In case of urgent matters, the aforesaid period may be exempted and flexible meeting notice methods may be adopted, provided that the convener shall make an explanation at the meeting.

**Article 13** Meetings of the Nomination Committee shall be convened only with the presence of more than two-thirds of the members. Each member has one vote.

Resolutions may only be passed by a majority of all the members of the Nomination Committee voting in favor of such resolutions.

**Article 14** The Nomination Committee shall vote by a show of hands or a poll. Extraordinary meetings may adopt voting by communications.

**Article 15** The principal person in charge of the human resources department may attend meetings of the Nomination Committee as non-voting participants. Other directors and senior management of the Company may be invited to attend such meetings when necessary. Attendees of the meetings shall have the right to speak, but not the right to vote.

**Article 16** If necessary, the Nomination Committee may engage an intermediary institution to provide professional opinions on its decision at the costs of the Company.

**Article 17** The procedures for convening a meeting, the method of voting and the resolutions passed at the meetings of the Nomination Committee shall comply with the provisions of governing laws, regulations, Articles of Association and these rules. If a member of the Committee is interested in any matter being considered by the Committee, such member shall refrain from the consideration of such matter.

**Article 18** The Nomination Committee shall keep minutes of the meetings. The minutes of the meetings shall be prepared by the work organization of the Committee, which shall include the following information:

- (I) serial number, method, date, venue, and name of the chairman of the meeting;
- (II) the attendance of members personally or by proxy;
- (III) name and title of each attendee;
- (IV) matters to be considered at the meeting;
- (V) main points made by the Committee members or other relevant attendees;
- (VI) name of the person keeping the record;
- (VII) the minutes of meeting or resolution shall specify the condition a member concerned and having interests abstains from voting (if involved).

Members present at the meetings shall sign the minutes of the meetings that shall be kept by the office to the Board of the Company in accordance with the relevant file management system of the Company.

**Article 19** Proposals passed and voting results at meetings of the Nomination Committee shall be reported in writing to the Board of the Company.

**Article 20** Members present at meetings shall keep all matters discussed in such meetings confidential, and shall not disclose relevant information without authorization.

## **Chapter 6 Addendum**

**Article 21** These rules shall take effect from the date of review and approval by the Board. The Company's former Terms of Reference of the Nomination Committee under the Board (Revised in November 2017) shall automatically become null and void from the effective date of these rules.

**Article 22** In case of matters not covered herein, the relevant state laws, administrative regulations, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association shall apply. In case any of these rules conflicts with the state laws, administrative regulations, normative documents, the securities regulatory rules of the place where the Company's shares are listed promulgated in the future or the Articles of Association as legally modified, the relevant state laws, administrative regulations, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association shall prevail. In such case, corresponding amendments shall be made to these rules immediately and submitted to the Board for approval.

**Article 23** These rules shall be construed, interpreted, and amended by the Board of the Company.

**Article 24** These rules are in both Chinese and English versions. Should there be any inconsistency between the English and Chinese versions, the latter shall prevail.