



Z H A O J I N

ZHAOJIN MINING INDUSTRY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

**RULES OF PROCEDURES FOR THE WORK AND TERMS OF REFERENCE OF
THE NOMINATION AND REMUNERATION COMMITTEE UNDER
THE BOARD OF DIRECTORS**

Chapter 1 General Provisions

Rule 1 In order to standardize the procedures for appointment of directors (the "Directors"), supervisors and senior management personnel and the systems for administering the appraisal and remuneration of senior management personnel of Zhaojin Mining Industry Company Limited (the "Company") and enhance the Company's corporate governance structure, the Company has specifically set up the Nomination and Remuneration Committee (the "Committee") of the board of directors of the Company (the "Board") and formulated the Rules of Procedures for the Work and Terms of Reference of the Nomination and Remuneration Committee under the Board (the "Rules") in accordance with the Company Law of the People's Republic of China, Corporate Governance Standards for Listed Companies, the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and the Articles of Association of the Company and other relevant regulations.

Rule 2 The Nomination and Remuneration Committee under the Board is a specific working body established by the Board according to a resolution of the shareholders' general meeting. Its main responsibilities are to select candidates and submit proposals on the standards and procedures for selecting candidates for the offices of Directors and senior management personnel of the Company, to formulate standards for appraising Directors and senior management personnel of the Company and to conduct appraisals, and to formulate and review the policies for and proposals on the remuneration of Directors and senior management personnel of the Company. The Committee shall be accountable to the Board.

Rule 3 The Directors referred to in these Rules refer to the Chairman, the Vice Chairman and the Directors who receive remuneration from the Company, while senior management personnel refers to the general manager, deputy general manager, chief financial officer, the secretary to the Board appointed by the Board and other senior management personnel proposed by the Chairman or the general manager to be appointed by the Board.

Chapter 2 Composition

Rule 4 The Nomination and Remuneration Committee shall comprise five Directors and the majority of whom shall be independent non-executive Directors.

Rule 5 The members of the Nomination and Remuneration Committee shall be nominated by the Chairman, more than half of the independent Directors or more than one third of all Directors, and shall be elected by the Board.

Rule 6 The Nomination and Remuneration Committee shall have a chairman (the convenor) who shall be an independent non-executive Director. The chairman of the Committee shall be responsible for leading the work of the Committee. The chairman of the Committee shall be elected from the members and be reported to the Board for approval.

Rule 7 The Nomination and Remuneration Committee shall have a term of office consistent with that of the Board. The term of office of a member is renewable upon re-election. If a member no longer assumes the position of Director in the Company, he/she shall automatically lose his/her identity as a member. The vacancy shall be filled by the Committee in accordance with the provisions of Rules 4 to 6 above.

Chapter 3 Duties and Authorities

Rule 8 The major duties and authorities of the Nomination and Remuneration Committee include:

- (1) To make proposals to the Board on the size and composition of the Board, based on the Company's operations, scale of assets and shareholding structure; and to review at least once a year the structure, number of members and composition of the Board so as to implement the Company's strategy;
- (2) To review the criteria and procedures for selection of Directors and senior management and make recommendations to the Board;
- (3) To extensively seek qualified candidates for Directors and senior management;
- (4) To conduct examination and make recommendations on candidates for Directors and managers;
- (5) To conduct examination and make recommendations on candidates for other senior management positions proposed to be appointed by the Board;
- (6) To formulate the standards or plans of the remuneration packages for Directors and senior management (including but not limited to salaries, bonuses; performance assessment standards, procedures and major assessment system; major plans and systems for awards and punishments) based on their duties, responsibilities, importance and the pay levels of other related positions; taking into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management;
- (7) To assess the independence of independent non-executive Directors;

- (8) To review and approve the payment of compensation in relation to loss or termination of employment, or appointment, to executive Directors and senior management so as to ensure that such compensation satisfies the contractual terms, and if not, such compensation shall also be fair and reasonable and not excessive;
- (9) To review and approve the compensation arrangements in relation to dismissal or removal of Directors due to their misconducts so as to ensure that such compensation satisfies the contractual terms, and if not, such compensation shall also be reasonable and appropriate;
- (10) To ensure that no Director or any of his/her associates is involved in determining his/her own remuneration;
- (11) To formulate annual evaluation target and conduct annual performance assessment;
- (12) To review the performance of duties by Directors and senior management of the Company;
- (13) To conduct annual performance assessment of senior executives during their term of office and report to the Board for consideration of their reappointment;
- (14) To be responsible for monitoring the implementation of the Company's remuneration system;
- (15) To review and/or approve matters relating to share schemes as set out in Chapter 17 of the Listing Rules; and
- (16) Other duties authorized by the Board.

Rule 9 The Nomination and Remuneration Committee is accountable to the Board. The proposals of the Committee shall be submitted to the Board for consideration and decision. Without good reasons or reliable evidence, the controlling shareholder shall fully respect the proposals made by the Nomination and Remuneration Committee, and shall not propose substitute candidates for Directors and managers.

Chapter 4 Decision Making Procedures

Rule 10 Subject to the actual situation of the Company, the Nomination and Remuneration Committee shall review the criteria, procedures for selection and term of office of Directors and senior management of the Company in accordance with the requirements of relevant laws, regulations and the Articles of Association of the Company. Any resolution made in this regard shall be filed and submitted to the Board for approval and shall be implemented accordingly. The Nomination and Remuneration Committee shall be responsible for making preliminary preparations for its decision making process, as well as providing relevant information of the Company:

- (1) To provide information on fulfillment by the Company of its major financial indicators and business targets;
- (2) To provide the scope of work responsible by senior management personnel of the Company and their main duties;
- (3) To provide the status of accomplishment for indicators involved in the job performance appraisal system for Directors and senior management personnel;

- (4) To provide the performance of Directors and senior management personnel in respect of their capabilities in business innovations and profit generation;
- (5) To provide the basis for relevant estimations of remuneration plans and distribution methods as proposed according to the performance of the Company.

Rule 11 The procedures for election and appointment of Directors and senior management personnel are as follows:

- (1) The Nomination and Remuneration Committee shall actively communicate with the relevant divisions of the Company to research on the demand of the Company for Directors and senior management personnel and to come up with written materials;
- (2) The Nomination and Remuneration Committee may extensively look for candidates for Directors and managers within the Company and its controlled companies as well as in the recruitment market;
- (3) The Committee shall obtain information of the occupation, education background, job title, detailed working experience, all the part-time positions of the initially proposed candidates and to come up with written materials;
- (4) To seek the nominees' opinions to accept the nomination, otherwise he or she shall not be put on the list of candidates for Directors, managers;
- (5) To convene meetings of the Nomination and Remuneration Committee to check the qualification of initially proposed candidates according to the job requirements of Directors, managers;
- (6) To put forward recommendations about the candidates for Directors and managers and submit relevant materials to the Board one to two months prior to the election of new Directors and the appointment of new managers;
- (7) To conduct other follow-up work according to the decision and feedback of the Board.

Rule 12 The procedures for appraising Directors and senior management personnel of the Nomination and Remuneration Committee are:

- (1) The Directors and senior management personnel of the Company shall report their work and make self-appraisals to the Nomination and Remuneration Committee;
- (2) The Nomination and Remuneration Committee shall, based on corporate strategies and objectives, conduct performance appraisals of the Directors and senior management personnel according to its established procedures;
- (3) The Committee shall propose the amount of remuneration and method of award or penalty for Directors and senior management personnel based on the results of work performance appraisal and according to the remuneration and distribution policies and, after a voting in its favour, report the same to the Board.

Chapter 5 Rules of Procedures

Rule 13 The Nomination and Remuneration Committee shall convene a meeting at least once a year. A meeting may also be held upon the request of a member of the Committee, if necessary.

The notice of a meeting shall be given to all members of the Committee seven days before the holding of the meeting, however, such time limit is not applicable to emergent cases.

The meeting of Nomination and Remuneration Committee shall be presided over by the chairman and, where he/she is unable to attend the meeting, he/she may appoint another member to preside over the meeting.

Rule 14 Meetings of the Nomination and Remuneration Committee shall be held only with the presence of two thirds of the members. Each member shall be entitled to one vote. Resolutions of a meeting must be adopted by the affirmative votes of more than half of its members.

When any subject in relation to a member of the Committee is to be discussed at a meeting of the Nomination and Remuneration Committee, the party concerned shall abstain from voting. No Director shall be involved in deciding on his/her own remuneration.

Rule 15 Resolutions of the Nomination and Remuneration Committee shall be passed by a show of hands or by voting. A meeting may also be convened in the form of vote by communication facilities in case of emergency.

Rule 16 Directors, supervisors and other senior management personnel of the Company may be invited to attend meetings of the Nomination and Remuneration Committee, if necessary.

Rule 17 The Nomination and Remuneration Committee shall consult the Chairman of the Board and/or the Chief Executive Officer about the proposals on the remuneration of other executive Directors. The Company shall ensure that adequate resources are available to the Nomination and Remuneration Committee and the Committee may, if necessary, appoint an intermediary agency to provide professional advice on its decisions and the expenses so incurred shall be borne by the Company.

Rule 18 The procedures and voting methods of meetings of the Nomination and Remuneration Committee as well as the resolutions passed at the meetings must comply with relevant laws, regulations, the Company's Articles of Association and these Rules.

Rule 19 The Nomination and Remuneration Committee shall keep minutes of its meetings. Members present at a meeting shall sign the minutes of the meeting which shall be kept by the secretary to the Board.

Rule 20 Any resolution passed or the results of a poll taken at a meeting of the Nomination and Remuneration Committee shall be reported in writing to the Board for final decisions.

Rule 21 All members attending meetings of the Committee shall be obliged to keep all items discussed at the meetings confidential and shall not disclose the relevant information.

Chapter 6 Supplementary Provisions

Rule 22 As for the work of examination on other senior management personnel required to be appointed by the Board and other relevant work authorized by the Board, the Nomination and Remuneration Committee may carry out its work based on these Rules.

Rule 23 These Rules shall come into effect on the date of approval by the Board.

Rule 24 Any matters not covered by these Rules shall be implemented in accordance with relevant laws and regulations of the State and the Company's Articles of Association. Where there is a conflict between these Rules and future laws and regulations to be promulgated by the State or the Company's Articles of Association as amended in accordance with legitimate procedures, these Rules shall be implemented in accordance with relevant laws and regulations of the State and the Company's Articles of Association and corresponding amendments to these Rules must be submitted to the Board for consideration and approval in a timely manner.

Rule 25 The right to interpret these Rules shall be vested in the Board.

The Board of Zhaojin Mining Industry Company Limited

The original version of the Rules is in Chinese, and the English version of the Rules is the translation from the Chinese original. Should there be any discrepancy between the Chinese and English versions of the Rules, the Chinese version shall prevail.