

*Important note: The Terms of Reference was originally drafted in Chinese and the English translation is not an official version and for your reference only. In case of any inconsistencies and discrepancies between the Chinese and the English versions, the Chinese version shall prevail.*

## **Lingbao Gold Company Ltd. (“the Company”)**

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

### **Terms of Reference of the Remuneration Committee of the Board of Directors (“the Remuneration Committee”)**

#### **Chapter I General Provisions**

1. In order to further establish and improve the company’s remuneration and assessment policies on the directors and senior management, and the structure of corporate governance, The Remuneration Committee is established pursuant to the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd., and the Articles of Association of the Company and other relevant provisions.

2. The Remuneration Committee is a standing working organization established by the Board of directors by the resolutions of Shareholder’s meetings. The committee is responsible to set up the remuneration criteria and make the assessment on the directors and the senior management; make and review the remuneration policy. he committee is responsible to the Board of directors.

3. The directors referred to in this policy are the chairman, vice chairman, directors, senior management means the general manager, vice general manager,

secretary to the Board and other senior managers recognized by the Article of Association and the board of directors.

## **Chapter II Composition**

4. The Remuneration committee consists of five directors, majority of the members shall be independent non-executive directors.

5. The members of the Remuneration Committee shall be nominated by the chairman of the Board, more than half of the independent non-executive directors or one-third of all directors, and elected by the Board of directors.

6. An independent director shall be appointed as chairman (convener) of the Remuneration Committee, who is responsible for the operation of the committee; the chairman of the committee is elected within the committee members and approved by the Board.

7. The term of service of the Committee is consistent with the term of service of the board of directors. The committee members can be reelected at the expiration of term of service. If one of the committee members no longer serves as the company's director, he will be disqualified as a committee member automatically and the vacancy will be filled up in accordance with the provisions of the above articles 4 to 6.

8. A working team is organized and responsible for providing relative information of operation and the personnel who will be appraised, prepare the meeting and implement the relative resolutions approved by the Remuneration Committee.

### **Chapter III Duties and Authorities**

9. The major duties and authorities of the Remuneration Committee are:

(1) make the Remuneration policy and suggest to the Board based on the directors' and senior management's major working scope, duty, working time and other companies' remuneration criteria and employment condition ;

(2) review the company's operation goals and targets and approve the remuneration of the management;

(3) make suggestions to the Board on the remuneration standard of other executive director or senior managers, and this should include non-monetary benefits, pension and compensation (including compensation for loss or termination of office or appointment);

(4) make suggestions to the Board for the remuneration of non-executive directors;

(5) review and approve compensation related to loss or termination of office or appointment payable to the executive directors and senior management, to ensure that such compensation is determined in accordance with relevant

contractual terms; otherwise such compensation should be reasonable and fair without imposing excessive burden to the Company;

(6) ensure that no director or any of his associates is involved in deciding his own remuneration;

(7) Review the duty performance of executive directors and senior managers and make the assessment in accordance with the annual corporate goals and objectives.

(8) supervise the implementation of the remuneration policy;

(9) other matters authorized by the Board.

10. The Board is liable to deny any remuneration packages or proposals which influence the shareholders' benefits.

11. The remuneration of the directors proposed by the Remuneration Committee shall be submitted to the Board for approval, and after the approval of the Board, it shall be submitted to the the shareholders meeting for consideration and approval before implementation; and remuneration proposal of senior management shall be submitted for the Board approval.

#### **Chapter IV Decision-making Procedures**

12. The working team under the Remuneration Committee is responsible for the preparatory works for the committee to make decision, provide the relevant

information to the Company: (1) completion status of key financial indicators and operation targets; (2) major working scope and duties performance of the senior management; (3) completion status of the indicators using in the performance evaluation system for the positions of the directors and senior management.; (4) operational performance status of the business innovation and profitability of the directors and senior management; (5) basis of estimation for the proposed remuneration allocation scheme and methods in accordance with company's operation results.

13. the evaluation procedure of the Committee to the directors and senior management: (1) the directors and senior management shall make debriefing and self-evaluation report to the Remuneration Committee; (2) the Committee shall assess the operational performance of directors and senior management in accordance with the evaluation criteria and procedures; (3) the Committee will suggest the remuneration amount and reward for the directors and senior management according to the evaluation results of the duty performance and remuneration policy, and submit to the Board of directors after voting and approval.

## **Chapter V Meeting Procedure**

14. The Remuneration Committee shall have at least 2 meetings a year, and give notice to committee members five days before. The meeting shall be presided by chairman. In case the Committee chairman is unable to attend, he

may appoint one of the committee members (independent non-executive director) to preside the meeting.

15. The Remuneration Committee meeting shall only be convened in the presence of more than two thirds of all committee members . Each member has one vote. The resolution shall be passed by at least over one half of all the committee members.

16. The Remuneration shall pass resolution(s) by show of hand or a poll; and a temporary meeting can be resolved by way of telecommunication.

17. If necessary, the Remuneration Committee may have directors, supervisors and senior management to attend the meeting;

18. The Remuneration Committee may hire agency to provide professional advice for their decision-making if necessary, the relevant expenses will be borne by the Company;

19. When there is a session discussing about one of the committee members at a meeting of the Remuneration Committee, the interested committee member should not attend the discussion in the meeting;

20. The procedures for the meeting holding, voting methods and remuneration resolutions passed by the Committee shall be in compliance with the relevant laws, rules, Articles of Association of the Company and this policy.

21. The Remuneration Committee shall keep records of minutes, the members present should sign on the minutes of the meeting ; the minutes of the meeting shall be kept by the Secretary of the Board .

22. The voting results and resolutions passed by Remuneration Committee shall be submitted to the Board in writing.

23. The present members shall keep confidential on matters discussed at the meeting and are not allowed to disclose any information without permission.

## **Chapter VI Supplementary**

24. This policy shall become effective from the date of the resolution passed by the Board.

25. Matters not described or covered in this policy, it shall follow the relevant stipulations of laws, regulations and the Articles of Association of the Company; in case there shall be a conflict between this policy and he laws, regulations as promulgated in future or the articles of association modified in accordance with laws, and be submitted to the Board for approval.

26. The right to interpret these Rules shall be vested in the Board of the Company.