



**Laopu Gold Co., Ltd.**  
**老鋪黃金股份有限公司**

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

**(Stock Code: 6181)**

**Terms of Reference – Remuneration and Appraisal Committee**

**Chapter 1 General Provisions**

**Article 1** In an effort to strengthen and standardize the appraisal and remuneration management system for the directors, supervisors and senior management of Laopu Gold Co., Ltd. (the “**Company**”) and to enhance its corporate governance structure, these terms of reference are formulated in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Articles of Association of the Company (the “**Articles of Association**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and other relevant regulations, the Company established a remuneration and appraisal committee of the board of directors (the “**Remuneration and Appraisal Committee**”).

**Article 2** The Remuneration and Appraisal Committee is a specific committee set up by the board of directors. Its main responsibilities are to formulate standards for appraising directors, supervisors and senior management of the Company and conduct assessments; to formulate and review the policies for and proposals on the remuneration of directors, supervisors and senior management of the Company. The Remuneration and Appraisal Committee shall be accountable to the board of directors.

**Article 3** For the purposes of these terms of reference, the term “directors” shall refer to all of the directors who receive remuneration from the Company, the term “supervisors” shall refer to all of the supervisors who receive remuneration from the Company, and the term “senior management” shall refer to all senior management mentioned in the prospectus and interim or annual reports (whichever is the latest) of the Company. It is the responsibility of the board of directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the Company’s board of directors, is appropriate.

**Chapter 2 Composition**

**Article 4** The Remuneration and Appraisal Committee shall comprise at least three directors, the majority of whom shall be independent non-executive directors.

**Article 5** Members of the Remuneration and Appraisal Committee shall be nominated by the chairman/chairlady of the board of directors, more than half of the independent non-executive directors or one-third of all directors, and shall be elected by the board of directors.

**Article 6** The Remuneration and Appraisal Committee shall have a chairperson (“**Chairperson**”) which shall be served by an independent non-executive director and is responsible for presiding over the work of the committee. The Chairperson shall be appointed by the board of directors.

**Article 7** The term of office of the Remuneration and Appraisal Committee shall be the same as that of the board of directors. Each member of the Committee shall be eligible for re-election upon expiry of his or her term of office. During such period, if any member of the Committee ceases to be a director of the Company, his or her membership in the Committee shall lapse automatically, and the vacancy shall be filled by the person elected by the board of directors according to this terms of reference.

**Article 8** The Remuneration and Appraisal Committee shall have a working team to provide the operation information of the Company and the relevant information of personnel being appraised, to prepare for meetings and to implement the resolutions passed by the Remuneration and Appraisal Committee.

### **Chapter 3 Secretary**

**Article 9** The secretary of the Remuneration and Appraisal Committee shall be any company secretary or joint company secretary.

**Article 10** The Remuneration and Appraisal Committee could from time to time appoint other persons with appropriate qualifications and experience as the secretary of the Remuneration and Appraisal Committee.

### **Chapter 4 Duties and Powers**

**Article 11** The Remuneration and Appraisal Committee shall have the following primary duties and authorities:

- (i) to make recommendations to the board of directors on the policy and structure for remuneration of the directors, supervisors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies;
- (ii) to review and approve the management team’s remuneration proposals with reference to the corporate goals and objectives set by the board of directors (including non-monetary benefits, pensions and payment of compensation (including the compensation for losing or terminating the office or appointment));
- (iii) to determine the remuneration packages for each executive director and senior management;
- (iv) to make recommendations to the board of directors on the remuneration of non-executive directors;
- (v) to make recommendations to the board of directors on the remuneration of supervisors;

- (vi) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (vii) to review and approve the 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;
- (viii) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate;
- (ix) to ensure that no director or any of his or her associates is involved in deciding his or her own remuneration.
- (x) to evaluate the performance of executive directors and include the evaluation results in the annual work summary;
- (xi) to review the terms of service agreements or appointment letters for the directors and supervisors;
- (xii) to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules; and
- (xiii) to perform other duties and responsibilities authorized by the board of directors.

**Article 12** The board of directors shall have the right to overrule any remuneration plans or packages that may prejudice the interest of shareholders.

**Article 13** The Remuneration and Appraisal Committee should consult the chairman/chairlady of the board of directors and/or the general manager about the remuneration proposals for other executive directors. The Remuneration and Appraisal Committee should have access to independent professional advice if necessary.

**Article 14** The remuneration plans for directors of the Company proposed by the Remuneration and Appraisal Committee shall be subject to the approval of the board of directors and may be implemented only upon the consideration and approval of the general meeting. The remuneration distribution plan for senior management of the Company shall be subject to the board of directors' approval.

**Article 15** The Remuneration and Appraisal Committee is authorized by the board of directors to seek any necessary information related to remuneration from the directors and senior management of the Company to perform its duties. The Remuneration and Appraisal Committee shall be provided with sufficient resources to perform its duties.

**Article 16** The Chairperson or (if absent) another member (who must be an independent non-executive director) of the Remuneration and Appraisal Committee shall attend the annual general meetings of the Company, and handle the shareholders' enquiry on the activities and responsibilities related to the Remuneration and Appraisal Committee at such meetings.

## **Chapter 5 Decision-making Procedures**

**Article 17** The working team under the Remuneration and Appraisal Committee shall be responsible for the preliminary preparatory work for the decision-making procedures of the Remuneration and Appraisal Committee and providing the following information of the Company:

- (i) fulfillment of major financial indicators and operation objectives of the Company;
- (ii) scope of responsibility and performance of main duties of the senior management of the Company;
- (iii) fulfillment of indicators under the performance evaluation system for the directors and senior management;
- (iv) business development and profit-making capability of directors and senior management; and
- (v) the relevant calculation basis of the remuneration plans and distribution methods formulated according to the results of the Company.

**Article 18** The Remuneration and Appraisal Committee shall conduct the appraisal of directors and senior management based on the following procedures:

- (i) the directors and senior management of the Company shall report his or her work and self-evaluation to the Remuneration and Appraisal Committee;
- (ii) the Remuneration and Appraisal Committee shall evaluate the performance of directors and senior management in accordance with the evaluation criteria and procedures; and
- (iii) the amount of remuneration and reward methods of the directors and senior management shall be proposed based on performance appraisal results and remuneration policies, and shall be submitted to the board of directors of the Company after resolving by voting.

## **Chapter 6 Rules of Procedures**

**Article 19** The Remuneration and Appraisal Committee should meet at least once a year. Any member of the Remuneration and Appraisal Committee can call for a meeting.

**Article 20** A notice shall be given to all members three days before the date of a meeting of the Remuneration and Appraisal Committee. The meeting shall be presided over by the Chairperson, and in case the Chairperson is unable to attend, he or she may appoint another member (who must be an independent non-executive director) to preside over the meeting on his or her behalf. Such notice may be waived with the unanimous consent of all members of the Remuneration and Appraisal Committee. Notwithstanding the notification period, the attendance of the member of the Remuneration and Appraisal Committee at the meeting would be deemed to be treated as the waiver of the required notification requirement.

- Article 21** The quorum of a meeting of the Remuneration and Appraisal Committee shall be not less than two-thirds of the members. Each member shall have one vote. A resolution of the meeting must be passed by more than half of all the members of the Remuneration and Appraisal Committee.
- Article 22** A meeting can be attended in person or via telephone or video conferencing. Members of the Committee can attend the meeting via telephone or any similar communication device, where all attendants shall be able to hear each other via the devices. Resolutions of the Remuneration and Appraisal Committee, if to be made at a meeting, shall be passed by more than half of its members present at such meeting.
- Article 23** A resolution signed by all members of the Remuneration and Appraisal Committee shall also be valid as if it had been passed at a meeting of the Remuneration and Appraisal Committee duly convened and held.
- Article 24** The Remuneration and Appraisal Committee may invite directors, supervisors and senior management of the Company to attend its meetings if necessary. However, only the members of the Remuneration and Appraisal Committee are entitled to vote.
- Article 25** The Remuneration and Appraisal Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making at the cost of the Company.
- Article 26** When a member becomes the subject of a discussion at the meeting of the Remuneration and Appraisal Committee, such member shall recuse him/herself.
- Article 27** The procedures for convening of a meeting of the Remuneration and Appraisal Committee, its voting methods and the remuneration policies and distribution proposals to be passed at such meeting must comply with the provisions of relevant laws, regulations, the Hong Kong Listing Rules, the Articles of Association and this terms of reference.
- Article 28** The Remuneration and Appraisal Committee shall keep minutes of the meetings. Members attending the meetings shall sign the minutes of the meetings. Full minutes should be kept by the secretary of the Remuneration and Appraisal Committee for the directors to review. The draft and final versions of minutes of the meeting should be delivered to all members of the Remuneration and Appraisal Committee within a reasonable time after the meeting. The draft is for expressing opinion among the members and the final version is for record keeping.
- Article 29** Resolutions passed and voting results at a meeting of the Remuneration and Appraisal Committee shall be reported in writing to the board of directors of the Company.
- Article 30** Members of the Remuneration and Appraisal Committee present at a meeting shall keep confidential of all matters discussed at the meeting and shall not disclose such information without authorization.

## Chapter 7 Supplementary Provisions

- Article 31** This terms of reference shall become effective from the date of approval by the board of directors.
- Article 32** For any matters not covered in this terms of reference, the relevant laws and regulations, the Hong Kong Listing Rules, other requirements of the Hong Kong securities regulatory authority, and the relevant provisions of the Articles of Association shall apply. If the relevant provisions of this terms of reference contravene with the laws and regulations, the Hong Kong Listing Rules, other requirements of the Hong Kong securities regulatory authority and the Articles of Association as enacted or amended in the future, such relevant laws and regulations, the Hong Kong Listing Rules, other requirements of the Hong Kong securities regulatory authority, and the existing or revised Articles of Association shall prevail.
- Article 33** The power of interpretation of this terms of reference shall be vested in the board of directors of the Company.
- Article 34** In case of any inconsistency with the Chinese version of this terms of reference, the Chinese version shall prevail.