

Important Note: The following document is an English translation of its Chinese version. In case of any discrepancies or inconsistencies, the Chinese version shall always prevail.

Rules of Procedures of the Nomination Committee under the Board of Directors of China BlueChemical Ltd.

1. GENERAL PROVISIONS

- 1.1 To safeguard the legitimate rights and interests of shareholders of China BlueChemical Ltd. (hereinafter referred to as the “Company”), regulate the proceedings of the nomination committee under the board of directors of the Company (hereinafter referred to as the “Nomination Committee”), establish an effective monitoring and incentive mechanism and enhance the structure of corporate governance, these Rules of Procedures are formulated in accordance with the provisions of the Articles of Association of China BlueChemical Ltd., the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”) and relevant laws, regulations and regulatory documents while taking into consideration the actual circumstances of the Company.
- 1.2 The Nomination Committee is a special committee established under and accountable to the board of directors.
- 1.3 The Nomination Committee is responsible for making recommendations to the board of directors on the appointment of directors and senior management (including the chief executive officer (CEO), president, executive vice president, chief financial officer (CFO), vice president, secretary to the board of directors and relevant personnel allocated in accordance with the requirements of the Listing Rules) based on its recognized standards, assessing the composition of the board of directors and making recommendations on the replacement of its members, and selecting and recommending candidates for directorship.

2. MEMBERS AND ORGANIZATIONAL STRUCTURE

- 2.1 The Nomination Committee shall comprise at least three directors, the majority of whom shall be independent non-executive directors.
- 2.2 Members shall be appointed or removed by the board of directors. The term of office of members is the same as their term of office as directors of the Company. However, the board of directors may make adjustment to their term of office as members prior to expiry as needed.
- 2.3 The Nomination Committee shall have one chairman to be acted by the chairman or an independent non-executive director. The chairman shall be nominated by the chairman of the Company, subject to the consideration and approval by the board of directors.

3. OPERATIONAL PROCEDURES

- 3.1 Meetings of the Audit Committee shall include regular meetings and interim meetings. Regular meetings shall be convened at least once a year whereas interim meetings may be convened upon proposal by more than one-half of the members or the chairman of the Audit Committee.
- 3.2 Meetings shall be presided over by the chairman and the chairman, if unable to attend, may appoint another member who shall be an independent non-executive director to preside over the meeting.
- 3.3 Meetings shall be held by more than two-thirds of the members attending the meeting. Each member has one voting right. Resolutions adopted at the meeting shall be passed by more than one-half of all members. If members are unable to attend the meeting for some reason, they may appoint another member in writing to attend the meeting and exercise the voting right on their behalf.
- 3.4 The Nomination Committee shall maintain minutes and/or resolutions of the meeting where all members attending the meeting shall sign on the minutes. Resolutions of the meeting shall be signed by the chairman of the Nomination Committee and the minutes and/or resolutions of the meeting shall be reported to the board of directors.
- 3.5 Meetings may be convened in the form of communications over written resolutions. Written resolutions shall be delivered to all members by methods including email, facsimile, express mail and personal delivery. Members shall, upon voting on the resolutions, return the signed originals to the Company for filing. Where the majority of all members have given their signatures agreeing to the resolution, such resolution shall be considered to have passed by the Nomination Committee.
- 3.6 The Nomination Committee may invite directors, supervisors, senior management and other personnel of the Company to sit in on the meeting.
- 3.7 Members shall, in dealing with matters within their terms of reference that they have an interest or may prejudice the interests of the Company, abstain from the meeting on their own initiative.
- 3.8 The Nomination Committee shall be provided with adequate resources to discharge its duties and powers. The Nomination Committee shall seek the advice of independent professionals in discharging its duties where necessary and the expenses incurred shall be borne by the Company.
- 3.9 The Nomination Committee shall make disclosure of its terms of reference to explain its functions and responsibilities as well as other powers delegated by the board of directors.

4. RESPONSIBILITIES

The terms of reference of the Nomination Committee authorized by the board of directors shall include requirements provided in A.5.2 of Section A.5 of the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules (hereinafter referred to as the “Code on Corporate Governance Practices”) (the actual terms of reference shall be governed by the Listing Rules and its requirements which are subject to revision from time to time). The main contents are set out as below:

- 4.1 The Nomination Committee shall make recommendations on the appointment or re-appointment of directors and senior management of the Company and relevant personnel allocated in accordance with the requirements of the Listing Rules as well as matters relating to succession planning;
- 4.2 The Nomination Committee shall review the structure, number of members and composition (including the skills, knowledge and experience) of the board of directors at least once a year and make recommendations on any proposed changes;
- 4.3 The Nomination Committee shall identify people with suitable qualifications for directorship and select and nominate the relevant persons for directorship or give advice to the board of directors;
- 4.4 The Nomination Committee shall assess the independence of the independent non-executive directors. Where an independent non-executive director is in office for more than nine years, the Nomination Committee shall provide the board of directors with the grounds for its views that such person is still considered independent and the reasons why it considers necessary to re-appoint such person as director;
- 4.5 The Nomination Committee shall examine and evaluate the skills, knowledge, experience and work background of directors to be appointed for casual vacancies and, upon approval by the board of directors, provide its opinions to shareholders as reference for their election in the general meeting;
- 4.6 The Nomination Committee shall verify the name and biographical data of all directors who intend to participate in the election or re-election in order to facilitate shareholders to make well-informed selections;
- 4.7 The Nomination Committee shall, in case of resignation or removal of directors, present to the board of directors the reasons of resignation or removal of relevant directors and the explanations of other items that shareholders should be aware of;
- 4.8 The Nomination Committee shall, in nominating candidates for independent non-executive directors, adhere to the principle of observing the long-term interests of shareholders of the Company and pay attention to the qualifications and professions of nominees and the compliance with the criteria for independent non-executive directors provided in the Listing Rules; and
- 4.9 The Nomination Committee shall deal with other matters delegated by the board of directors.

5. DUTIES AND POWERS OF THE CHAIRMAN OF THE NOMINATION COMMITTEE

- 5.1 The chairman shall convene and preside over regular and interim meetings of the Nomination Committee;
- 5.2 The chairman shall supervise and examine the implementation of resolutions adopted by the Nomination Committee;
- 5.3 The chairman shall execute important documents of the Nomination Committee;
- 5.4 The chairman shall report his work to the board of directors on a regular basis or in accordance with the arrangements of the board of directors; and
- 5.5 The chairman shall perform other duties and powers delegated by the board of directors.

6. MISCELLANEOUS

- 6.1 Unless otherwise defined, the expression of “at least” referred to in these Rules of Procedures shall include the figure mentioned.
- 6.2 These Rules of Procedures shall take effect from the date of approval by the board of directors and the same applies to any amendments made.
- 6.3 The interpretation of these Rules of Procedures shall be vested in the board of directors.

Second amendment as of 29.Mar.2012
First amendment as of 26.Aug.2009
Formulated as of 25.Apr.2006