

SHANDONG FENGXIANG CO., LTD.*
山東鳳祥股份有限公司

**Terms of Reference for the Nomination Committee
of the Board of Directors**

Chapter 1 General

Article 1 To enhance the selection requirements and procedures of directors and senior management of the Company, to optimize the composition of the Board, and to improve the corporate governance structure, the Company has established the nomination committee of the board of directors and formulated these terms of reference in accordance with local and overseas supervision regulations for listed companies, including the Company Law of the PRC, the Securities Law of the PRC, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Code of Corporate Governance for Listed Companies and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the Articles of Association of Shandong Fengxiang Co., Ltd.* (hereinafter referred to as the “Articles of Association”), as well as other relevant requirements of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”).

Article 2 As a specialized body established by the Board in accordance with relevant laws and regulations and the Articles of Association, the nomination committee shall be accountable to and report to the Board. The main duties of the Committee are to select and make recommendations on the candidates, selection criteria and procedures for the directors and senior management of the Company.

Chapter 2 Composition

Article 3 The nomination committee shall comprise three directors, over half of whom shall be independent non-executive directors.

Article 4 The members and chairman of the nomination committee shall be nominated by the chairman of the Board, more than half of the independent non-executive directors or more than one-third of all directors for election by the Board.

Article 5 The nomination committee shall have one chairman who shall be the chairman of the Board or an independent non-executive director of the Board and be in charge of the work of the nomination committee.

Article 6 The term of office of the members of the nomination committee shall be consistent with the term of the directors. A member of the Committee may serve consecutive terms if re-elected upon the expiry of his/her term of office. If any member ceases to be a director of the Company or ceases to have the independence as set out in the Articles of Association during his/her term of office, his/her membership in the Committee shall lapse automatically, and the vacancy shall be filled up by the Board in accordance with Article 3 to Article 5 above.

Article 7 The nomination committee of the Board shall have a working team to deal with daily matters, liaison and organization of committee meetings.

Chapter 3 Duties

Article 8 The duties of the nomination committee are as follows:

- (I) to review the selection criteria and procedures, structure, number, composition and diversity (including but not limited to gender, age, culture and education, expertise, skill, knowledge and term of office) of directors and senior management annually and make suggestions on any proposed changes to the directors and senior management based on the strategy of the Company;
- (II) to identify and select qualified candidates to be nominated as directors and senior management or make recommendations to the Board. As for the identification of suitable candidates, the Committee shall consider their merits and review measurable requirements with due regard to the benefits of diversity of directors and senior management;
- (III) to make recommendations to the Board on the appointment or re-appointment of and the succession planning for directors and senior management. The Committee shall, together with the Board, take into account various factors, including the strategy of the Company, and the personnel skill, knowledge, experience and member diversity to be required;
- (IV) to review, at its discretion, the diversity policy and relevant measurable targets of the Board, supervise the implementation progress of the targets and make relevant disclosure in corporate governance report annually;
- (V) to review the independence of independent non-executive directors; and
- (VI) other duties as authorized by the Board.

Article 9 The nomination committee shall be accountable to the Board and proposals of the nomination committee shall be submitted to the Board for approval. The nomination committee shall provide the Board with discussions, materials and information in the forms of report, proposals and conclusions for consideration and decision-making.

The Committee may retain an external expert or an intermediary institution to provide professional advisory services when necessary. Any reasonable costs incurred shall be borne by the Company.

Chapter 4 Working Procedures

Article 10 The nomination committee shall formulate the selection criteria, selection procedures, candidates and term of office of the directors and senior management of the Company based on relevant laws and regulations and the Articles of Association as well as the actual conditions of the Company, the resolutions of which shall be approved by the Board for further implementation.

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

- (I) The nomination committee shall actively communicate with relevant departments and study the demand of the Company for directors and senior management and present such information in writing;
- (II) The nomination committee may search extensively for candidates for directors, presidents and senior management within the Company and its holding (associate) enterprises and in the human resources market;
- (III) The nomination committee shall 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) The nominee shall not be deemed as the candidate for director or senior management unless his/her consent for nomination is obtained;
- (V) The nomination committee shall convene a nomination committee meeting to review the qualifications of the candidates in accordance with the requirements for directors and senior management;
- (VI) The nomination committee shall make suggestions to the Board regarding the candidates for directors and new senior management and submit relevant information to the Board one to two months prior to the election of new directors and appointment of new senior management; and
- (VII) The nomination committee shall carry out other follow-up work according to the decision and feedback from the Board.

Chapter 5 Rules of Proceedings

Article 12 The nomination committee shall convene at least one meeting each year and shall hold ad hoc committee plenary meetings. A notice of meeting shall be given by the Committee secretary to all members seven days before the date of the meeting. Meetings shall be convened and chaired by the chairman of the Committee. In the event that the chairman of the Committee fails to attend the meeting, he/she may appoint another member who is an independent non-executive director to convene and chair the meeting in which matters to be determined by the Committee shall be discussed.

Article 13 The quorum of a meeting of the nomination committee shall be more than two-thirds of the members (including proxies appointed in writing) in person or through other electronic communications. Each member shall have one vote. A resolution of the meeting shall be passed by more than half of the members.

Article 14 Voting at the meeting of the nomination committee shall be taken by a show of hands. An extraordinary meeting may be convened in the form of vote by correspondence.

Article 15 The nomination committee may invite other directors, supervisors and senior management of the Company to attend such meetings when necessary.

Article 16 The nomination committee may retain an intermediary institution to provide professional advice on its decision when necessary. Any reasonable costs incurred shall be borne by the Company.

Article 17 The convening, voting and passing of resolutions of a meeting of the nomination committee shall comply with the applicable laws, regulations, the Articles of Association and these terms of reference.

Article 18 The nomination committee shall keep minutes of the meetings. The members present at the meetings shall sign the minutes of the meetings that shall be kept by the secretary of the Company.

Article 19 Resolutions passed and voting results at meetings of the nomination committee shall be reported in writing to the Board of the Company.

Article 20 All members of the Committee present at the meeting shall keep confidential all matters discussed at the meeting and shall not disclose the relevant information without authorization.

Article 21 The secretary of the Company shall act as the Committee secretary. In the absence of a committee secretary, the members present at the meeting shall select another person to act as secretary.

Chapter 6 Supplementary Provisions

Article 22 These terms of reference shall become effective from the date of listing of the H shares of the Company after being approved by the Board.

Article 23 For any matters not covered by these terms of reference, the relevant laws and regulations of the PRC and the Articles of Association shall apply. In the event that these terms of reference contravene any future laws and regulations or the Articles of Association as amended under legal procedures, the relevant laws and regulations of the PRC and the Articles of Association shall prevail. In such event, these terms of reference shall be amended immediately and submitted to the Board for approval.

Article 24 These terms of reference shall be formulated, amended and interpreted by the Board.

Shandong Fengxiang Co., Ltd.*
Board of Directors

* *For identification purpose only*

These Terms of Reference are prepared in Chinese. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.