

GUANGNAN (HOLDINGS) LIMITED
Nomination Committee
Terms of Reference

1. Constitution

The Board of Directors (the “Board”) of Guangnan (Holdings) Limited (the “Company”) hereby resolves to establish a Committee of the Board, to be known as the Nomination Committee (the “Committee”).

2. Purpose

- 2.1 To assist the Board in discharging its duties, the purpose of the Committee is to review the skills, knowledge, experience and independence of the candidate for appointment as a director, to make recommendation to the Board on the selection of the appropriate candidate for appointment as director and to ensure the Company has transparent procedures for appointment of Board members.

3. Composition of the Committee

- 3.1 The Board shall appoint members of the Committee and one of the members must be the Chairman of the Board. The number of the committee members shall be determined by the Board from time to time provided that at no time shall there be less than three members. The majority of the Committee members must be independent non-executive directors.
- 3.2 The Chairman of the Board shall act as the chairman of the Committee. The quorum of the Committee shall be two Committee members.
- 3.3 The Company Secretary shall act as secretary to the Committee unless the Chairman of the Committee shall rule otherwise, in which case the Chairman will nominate a members of the Committee or another appropriate person to act as secretary.

4. Meetings

- 4.1 Meetings shall be held not less than one time a year and at such other times as the Chairman of the Committee shall deem necessary.
- 4.2 The Committee may pass resolutions by means of resolutions in writing when necessary. A resolution in writing, which may consist of several documents in like form, signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee.

5. Authority

- 5.1 The Committee is authorized by the Board to seek any information it requires from any officer or employee of the Company and all officers and employees are directed to co-operate with any request made by the Committee.
- 5.2 The Committee is authorized by the Board to obtain outside legal or other independent professional advice if it considers it necessary and to secure the attendance at its meetings of outsiders with relevant experience and expertise if it considers this to be necessary.

6. Duties of the Committee

In particular, but without limitation, the duties of the Committee shall be:

- 6.1 To review the structure, size and composition (including the skills, knowledge and experience) of the board on a regular basis and make recommendations to the board regarding any proposed changes.
- 6.2 To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships.
- 6.3 To assess the independence of independent non-executive directors, having regard to the requirements under the Listing Rules.
- 6.4 To make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the chairman and the general manager.

7. Miscellaneous

7.1 The Committee should make available its terms of reference explaining its role and the authority delegated to it by the Board.

7.2 The Committee should be provided with sufficient resources to discharge its duties.

This Terms of Reference takes into effect from June 2005.