

HUABAO INTERNATIONAL HOLDINGS LIMITED

(the “Company”)

TERMS OF REFERENCE OF NOMINATION COMMITTEE (“Committee”)

(Adopted by the board of directors of the Company on 27 February 2012 and revised on 26 September 2013,
22 November 2018)

Principle

This Committee is established under the Company’s board of directors (“Board”) pursuant to the requirement of the Listing Rules for the purposes of establishing a director nomination system of the Company and improving the succession planning of directors.

Membership

1. Members of the Committee shall be appointed by the Board and shall consist of three directors, the majority of whom should be Independent Non-executive Directors. Any Committee member who resigns as a director of the Company shall become disqualified as the member of the Committee, and the Board shall appoint new member to fill the vacancy.
2. The Board shall designate one of the three members as the Committee’s Chairman. The Committee has the same term as the Board. Member of the Committee is eligible to be re-appointed upon expiry of term.
3. The Company Secretary shall act as the Committee’s secretary. The Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Committee.

Frequency of Meetings

4. The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands.
5. The Committee’s Chairman may convene additional meetings at his discretion.
6. The quorum of a meeting shall be two Committee members.

Authority

7. The Committee is empowered by the Board to perform its duties under the terms of reference.
8. The Board should provide the Committee sufficient resources to perform its duties. The Committee is authorized by the Board to seek independent professional advice. If necessary, external parties with relevant experience and professional knowledge can be invited as consultants and/or to attend any meetings, at the Company’s expense.
9. Every Committee member is entitled to one vote. A resolution shall be passed by a simple majority of votes.

Scope of Work

10. Scope of work of the Committee include the following:

Nomination Policy

- (a) formulating nomination policy/policy for the Board’s consideration and approval, nomination policy and selection criteria set forth below:
 - (i) to enhance the long term development of the Company as first priority;
 - (ii) to note such candidate’s personal integrity, quality and insight and whether the Company’s overall needs would be satisfied; and
 - (iii) to note the diversity of the Board and the vision and benefits brought.

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(b) without prejudice to the generality of the foregoing:

Nomination Procedure

- (i) Through various sources (including referral from Shareholders, Directors and Members of the Committee) for identifying and nominating candidates to fill casual vacancies of directors for the Board’s approval, the Company Secretary shall be responsible to call a meeting of the Committee;
- (ii) identifying and nominating candidates to the Board for it to recommend to Shareholders for election as directors (including non-executive director / independent non-executive director) or nominate candidates to fill casual vacancies of director for the appointment by the Board. Sufficient biographical details of nominated candidates shall be provided to the Board and Shareholders to enable them to make an informed decision;
- (iii) the Committee shall consider which includes but not limited to: (a) the policy as mentioned in 10(a), (b) merit and strength of the candidate; (c) compliance of the guidance and rules regarding the qualification of directors as implemented time to time under Listing Rules of the Stock Exchange of Hong Kong Limited (“Listing Rules”) and the Company Ordinance (Section 622); and (d) to avoid potential and actual conflict of interests for the Independent Non-executive Directors, for the purpose of the nomination committee can any elect suitable candidate as they thought fit; and
- (iv) The Committee should also consider the strategic development structure targets, direction, and business operation risk profile of the Company and the skills mix needed in respect of the Board before making recommendations to the Board.

Board Diversity

- (i) paying attention to the policy on diversity of Board members, as appropriate; includes, but not limited to sex, age, cultural and educational background, race, insight, professional qualifications, skills, knowledge and service duration, and the progress on achieving the objectives; and making relevant disclosure of its review results in the Corporate Governance Report.

Overall Review

- (i) reviewing the structure, size and composition and diversity of the Board at least once every year, and making any proposed changes to the Board according to the Company’s corporate strategy;
- (ii) reviewing the time required from a director to perform his responsibilities regularly;
- (iii) assessing the independence of Independent Non-executive Directors and reviewing the Independent Non-executive Directors’ annual confirmations on their independence; and making disclosure of its review results in the Corporate Governance Report; and
- (iv) making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the Chief Executive Officer.

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Others

- (i) doing any such things to enable the Committee to discharge its powers and functions conferred on it by the Board. Also upon invitation by the Chairman of the Board, the Committee’s Chairman or when he is absent, another Committee member or his authorized representative, will answer questions at the Company’s annual general meeting; and
- (ii) conforming to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company’s constitution or imposed by legislation.

Confidentiality

- 11. Unless required by law or any regulatory authority, under no circumstances shall a member of the Committee or a staff member of the Company disclose any information to entertain any enquiries from the public with regard to any nomination or candidate before the circular to shareholders, as the case may be, is issued. Following the issue of the circular, the Committee or other staff member of the Company, approved by the Committee may answer enquiries from the regulatory authorities or the public but confidential information regarding nominations and candidates should not be disclosed.

Reporting Procedure

- 12. The Committee shall report to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.