

# **Lianhua Supermarket Holdings Co., Ltd. (the “Company”) Terms of Reference of Nomination Committee (the “Committee”)**

## **Chapter I General Provisions**

Article 1 The Company set up the Committee and formulate this Terms of Reference in accordance with the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of the Company and other relevant regulations in order to refine the corporate governance structure, standardize the election of senior management and optimize the composition of the Board.

Article 2 The Committee is set up by the board of directors (the “Board”) with the approval of general meeting It is responsible for proposing and reporting to the Board on the criteria and procedures in selecting directors and managers of the Company.

## **Chapter II Composition**

Article 3 The Committee shall consist of a minimum of three directors of the Company, the majority of whom must be independent non-executive directors.

Article 4 The Committee members shall be nominated by the chairman of the Board or more than half of the total number of independent non-executive directors or one third of all directors, and shall be elected by the Board.

Article 5 The Committee should have one Chairman/convener, who shall be the chairman of the Board or an independent non-executive director, to be in charge of the Committee. The Chairman shall be elected among the Committee members and its appointment shall be approved by the Board.

Article 6 The term of office of the Committee shall be consistent with the term of office of the Board. The Committee members shall be reappointed upon being re-elected as the members of the Committee at the expiration of their term of office. The Committee members shall be automatically disqualified from being members of the Committee if they cease to be directors within their term of office. The Committee shall fill the vacancy(ies) according to the requirements of Articles 3 to 4 above.

Article 7 The Committee should set up sub team(s) to search for qualified candidates for directors and managers.

## **Chapter III Duties, Powers and Functions**

Article 8 The Committee is to perform the following duties:

- (a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
- (b) study the criteria and procedures in selecting directors and managers and make appropriate suggestions to the Board;
- (c) broadly search for and identify qualified candidates for directors and

managers;

(d) review, comment and make recommendation to the Board on the candidates for directors and managers;

(e) review and comment on the candidates for other senior management, whose employment are subject to the approval of the Board;

(f) review regularly the time to be committed by each director in order to perform their duties;

(g) assess the independence of independent non-executive directors;

(h) make 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; and

(i) deal with other responsibilities authorized by the Board.

Article 9 The Committee reports to the Board and its proposals shall be subject to the approval of the Board. The controlling shareholder should fully respect proposals of the Committee and should not propose alternative candidates for directors and managers without the support of sufficient reasons or reliable evidence.

Article 10 The Committee should make available this Terms of Reference on the respective websites of The Stock Exchange of Hong Kong Limited and the Company.

Article 11 The Committee shall be provided with sufficient resources to perform its duties. Where necessary, the Committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.

#### **Chapter IV Proceedings of Decision-Making**

Article 12 The Committee should, in reliance of relevant laws and regulations and the Articles of Association of the Company and combining the practical situation of the Company, study and formulate with records the qualifications, selecting procedures and terms of office of directors and managers and implement accordingly upon approval of the Board,

Article 13 Selecting procedures of directors and managers:

(a) The Committee should actively communicate with relevant departments of the Company, study the demand of the Company for new directors and managers and produce written materials:

(b) The Committee should broadly search for candidates for directorship and manager position from within the Company and its subsidiaries as well as in the human resource market;

(c) Collect information on candidates, including their profession, education background, title, detailed working experience including part-time jobs etc., and formulate written reports;

(d) Seek consent from the nominees before determining him/her as the candidates for directors and managers;

(e) Convene meetings of Committee and review the qualifications of candidates for directors and managers;

(f) Submit the proposal and recommendation of candidates for directors and managers and relevant materials to the Board one or two months before the election of

new directors and managers;

(g) Carry through follow-up work according to the Board's decisions and feedback.

## **Chapter V Proceedings of Meetings**

Article 14 The Committee shall hold meetings at least once a year. Notice of each meeting shall be given to all members of the Committee seven days prior to the date of the meeting. The Chairman, shall preside over the meeting, failing him, any other member of the Committee may be appointed by him to preside over the meeting.

Article 15 The quorum for a meeting shall be at least two-thirds of members of the Committee. Each member has one vote in the meeting and the resolution(s) proposed by the Committee should be passed by more than half of all Committee members.

Article 16 Voting methods of the Committee meeting shall be voting by show of hand or voting by poll. Extraordinary meeting(s) could be held by way of voting by means of written communication.

Article 17 The Committee could invite directors, supervisors or other senior management of the Company to attend its meetings when necessary.

Article 18 If necessary, the Committee may engage professional parties at the Company's expenses to provide professional advice on its decisions.

Article 19 The procedures, voting methods and resolutions of the Committee meetings should comply with relevant laws, regulations, the Articles of Association of the Company as well as this Terms of Reference.

Article 20 Each meeting of the Committee shall have minutes with signatures of all attending members. Full minutes of each meeting of the Committee should be kept by the a duly appointed secretary of the Committee, who should normally be the company secretary. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comments and records, within a reasonable period of time after the meeting.

Article 21 The Committee should report the voting results and recommendations of the Committee to the Board in written form at the next meeting of the Board following a meeting of the Committee.

Article 22 The members present at the meeting should keep all materials in the meeting confidential and must not disclose to others.

## **Chapter VI Supplementary Provisions**

Article 23 This Terms of Reference should come into effect since the date of approval by the Board.

Article 24 Any matters not specified in this Terms of Reference should be implemented in accordance with relevant laws, regulations and the Articles of Association of the Company. May this Terms of Reference found in conflict with relevant laws or regulations issued later or with amended Articles of Association of the Company, the Company should amend this Terms of Reference immediately, subject to the approval of the Board.

Article 25 The Board retains the interpretation power of this Terms of Reference.

Article 26 This Terms of Reference is ritten in both Chinese and English. Should there be any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

**Board of Lianhua Supermarket Holdings Co., Ltd  
March, 2012**