

# **XIAMEN YAN PALACE BIRD'S NEST INDUSTRY CO., LTD.**

## **廈門燕之屋燕窩產業股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1497)**

### **NOMINATION COMMITTEE UNDER THE BOARD OF DIRECTORS**

#### **TERMS OF REFERENCE**

##### **Chapter I General Provisions**

**Article 1** In order to improve the selection of directors and senior management of Xiamen Yan Palace Bird's Nest Industry Co., Ltd. (the "Company"), optimize the composition of the Board of Directors and improve the corporate governance structure, the Company has set up a nomination committee (the "Nomination Committee") of the Board of Directors and formulated these terms of reference in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Articles of Association of Xiamen Yan Palace Bird's Nest Industry Co., Ltd. (the "Articles of Association"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules") and other relevant provisions.

**Article 2** The Nomination Committee is a special committee established by the Board of Directors, which is mainly responsible for selecting and making recommendations on the candidates, selection criteria and procedures for directors and senior management of the Company.

##### **Chapter II Personnel Composition**

**Article 3** The Nomination Committee shall be composed of at least three directors, with the majority of independent non-executive directors.

**Article 4** Members of the Nomination Committee shall be nominated by the Chairman of the Board of Directors, more than half of the independent non-executive directors or one-third of all the directors, and shall be elected by the Board of Directors.

**Article 5** The Nomination Committee shall have a Chairman (the "Chairman"), who shall be the Chairman of the Board of Directors or an independent non-executive director among the members of the Nomination Committee. The Chairman is responsible for presiding over the work of the committee, and shall be appointed by the Board of Directors.

**Article 6** The term of office of the Nomination Committee is the same as that of the Board of Directors, and members may be re-elected after their term expires. If any member ceases to hold the office of Director of the Company during the period, he/she shall automatically lose his/her membership and the number of members shall be supplemented by the Board of Directors in accordance with these terms of reference.

### **Chapter III The Secretary**

**Article 7** The Secretary of the Nomination Committee shall be any Company Secretary or joint Company Secretary.

**Article 8** The Nomination Committee may from time to time appoint any other person of suitable qualifications and experience as the Secretary of the Nomination Committee.

### **Chapter IV Duties and Powers**

**Article 9** Main duties and powers of the Nomination Committee:

- (1) to review at least once a year the structure, size and composition of the Board of Directors (including skills, knowledge, experience and diversity) and to recommend any changes to the Board of Directors that are to be made in line with the Company's strategy;
- (2) to conduct a wide search for persons who are suitably qualified to serve as directors and to select and nominate such persons as directors or to advise the Board of Directors thereon;
- (3) to assess the independence of independent non-executive directors;
- (4) to make recommendations to the Board of Directors on the appointment or re-appointment of directors and succession plans for directors, in particular the Chairman and Chief Executive Officer;
- (5) to review the diversity policy of the Board of Directors (the "Board Diversity Policy") and the quantifiable objectives and attainment levels set by the Board of Directors from time to time for the Board Diversity Policy, and disclose the Board Diversity Policy or a summary of the Policy in the Corporate Governance Report. Consideration of diversity of board members includes but is not limited to gender, age, cultural and educational background and professional experience of directors. To develop and review the Board Diversity Policy and disclose the Policy or a summary of the Policy in the Corporate Governance Report;
- (6) If the Board of Directors intends to propose a resolution at a general meeting of shareholders to elect a person as an independent non-executive Director, the circular and/or explanatory letter to Shareholders to accompany the notice of the general meeting should set out (a) the process used to identify the person, the reasons why the Board of Directors considers that the person should be appointed and the reasons why they consider that the person is independent; (b) if the candidate independent non-executive director is to become a director of the seventh (or more) listed company, the reasons why the Board of Directors considers that the person is still able to devote sufficient time to discharge the responsibilities of a director; (c) the views and perspectives, skills and experience that the person can bring to the Board of Directors; and (d) how the person promotes diversity in the membership of the Board of Directors;

- (7) to review the implementation and effectiveness of corporate mechanisms to ensure that the Board of Directors has access to independent views and opinions;
- (8) to report its decisions or recommendations to the Board of Directors, except where legal or regulatory constraints prevent it from doing so; and
- (9) other powers conferred by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange where the Company's shares are listed (including the relevant powers and duties set out in the relevant code provisions of the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules (as amended from time to time)), the Articles of Association, and the Board of Directors of the Company.

**Article 10** The Nomination Committee is responsible to the Board of Directors, and its proposals are submitted to the Board of Directors for consideration and decision. In the absence of sufficient reasons or reliable evidence, the controlling shareholder shall fully respect the recommendation of the Nomination Committee, otherwise, it cannot propose alternative candidates for directors and senior management.

**Article 11** The Nomination Committee is authorized by the Board of Directors to seek any necessary information from employees of the Company within the scope of its responsibilities. The Nomination Committee shall be provided with adequate resources to carry out its responsibilities.

**Article 12** The Chairman of the Nomination Committee or, in his/her absence, another member of the Nomination Committee (who must be an independent non-executive Director) shall attend the annual general meeting of the Company and respond to shareholders' questions concerning the activities of the Nomination Committee and their responsibilities.

## **Chapter V Decision Procedure**

**Article 13** The Nomination Committee shall, in accordance with relevant laws and regulations, the Hong Kong Listing Rules and the Articles of Association, and in light of the actual situation of the Company, study the election conditions, selection procedures and term of office of the directors and senior management of the Company, form a resolution and submit it to the Board of Directors for approval, and follow through.

**Article 14** Selection procedures for directors and senior managers:

- (1) The Nomination Committee shall actively communicate with the relevant departments of the Company, study the Company's demand for new directors and senior management, and prepare written materials;
- (2) The Nomination Committee may conduct extensive searches for directors and senior management candidates within the Company, the subsidiaries or enterprises in which the Company has equity interests and the talent market;
- (3) Collect the occupation, education, title, detailed work experience, all part-time jobs and other information of the candidates, and form written materials;

- (4) Seek the nominee's consent to the nomination, otherwise he or she cannot be selected as a director or senior management;
- (5) Convene a meeting of the Nomination Committee to examine the qualifications of the candidates according to the qualifications of the directors and senior management;
- (6) One to two months before the election of new directors and the appointment of new senior management, to present to the Board of Directors proposals and relevant materials on candidates for director and new senior management;
- (7) Carry out other follow-up work according to decisions and feedback of the Board of Directors.

## **Chapter VI Rules of Procedure**

**Article 15** The Nomination Committee shall convene meetings at least once a year. Members of the Nomination Committee may convene meetings at any time if necessary.

**Article 16** The meeting of the Nomination Committee shall be notified to all members three days before the meeting, and the meeting shall be presided over by the Chairman, who may entrust another member (who should be an independent non-executive director) of the Nomination Committee to preside if he/she is unable to attend. The aforesaid notice period may be waived with the unanimous consent of all members. Notwithstanding the notice period, the presence of a member of the Nomination Committee at a meeting will be deemed a waiver of the required notice period for that member.

**Article 17** The meeting of the Nomination Committee shall be held only with the attendance of more than two-thirds of its members. Each member shall have one vote. Resolutions made at the meeting must be adopted by more than half of all the members.

**Article 18** The meeting of the Nomination Committee may be convened in person, by telephone or video conference. The meeting can be attended by telephone or similar communication devices through which all participants should be able to hear each other. A resolution of the Nomination Committee, if made at a meeting, shall be passed by more than half of the members of the Nomination Committee present at the meeting.

**Article 19** A resolution passed and signed by all members of the Nomination Committee shall be as valid as if it had been passed at a meeting duly convened by the Nomination Committee.

**Article 20** Directors, supervisors and other senior management of the Company may also be invited to attend the meetings of the Nomination Committee when necessary. However, only members of the Nomination Committee are entitled to vote at the meeting of the Nomination Committee.

**Article 21** If necessary, the Nomination Committee may hire an intermediary institution to provide professional advice for its decision-making at the expense of the Company.

**Article 22** The procedures for convening the meeting of the Nomination Committee, the voting method and the motions passed at the meeting must comply with the provisions of relevant laws, regulations, the Hong Kong Listing Rules, the Articles of Association and these terms of reference.

**Article 23** Minutes shall be kept for the meetings of the Nomination Committee, and the members present at the meetings shall sign the minutes. Minutes are kept by the Secretary of the Board of Directors or the Secretary of the Nomination Committee of the Company for the review of each director. The first draft and the final version of the minutes shall be sent to all members of the Nomination Committee within a reasonable time after the meeting, with the first draft for members to express their views and the final version for their records.

**Article 24** The proposals and voting results adopted by the Nomination Committee shall be reported to the Board of Directors of the Company in writing.

**Article 25** Members present at the meeting shall have the obligation to keep confidential the items discussed at the meeting and shall not disclose the relevant information without authorization.

## **Chapter VII Supplementary Provisions**

**Article 26** After being approved by the Board of Directors, these terms of reference shall come into force and be implemented as of the date when the Company is listed overseas through the initial public offering of H shares and listed for trading on The Stock Exchange of Hong Kong Limited. As of the effective date of these terms of reference, the terms of reference of the Nomination Committee of the Board of Directors of the Company in force shall automatically become invalid.

**Article 27** Matters not covered in these terms of reference shall be implemented in accordance with relevant laws and regulations, the Hong Kong Listing Rules, other provisions of the Hong Kong securities regulatory authority and the relevant provisions of the Articles of Association. If the relevant provisions of these terms of reference conflict with the relevant laws and regulations promulgated or amended in the future, the Hong Kong Listing Rules, other provisions of the Hong Kong securities regulatory authority and the Articles of Association, they shall be executed in accordance with the relevant laws and regulations, the Hong Kong Listing Rules, other provisions of the Hong Kong securities regulatory authority, the current Articles of Association or the amended Articles of Association.

**Article 28** The power of interpretation of these terms of reference shall be vested in the Board of Directors of the Company.

**Article 29** In case of any discrepancy between the Chinese and English versions of these terms of reference, the Chinese version shall prevail.