

# **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, including at least one member of a different gender, 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), to assist the Board of Directors in preparing for the board skills matrix 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 senior management and to select and nominate such persons as directors and senior management 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 senior management and succession plans for directors and senior management, in particular the Chairman and Chief Executive Officer;
- (5) to facilitate the Company to regularly assess the performance of the Board of Directors;
- (6) (i) to formulate, review and revise the diversity policy of the Board of Directors (the "Board Diversity Policy"), which shall include quantifiable objectives and attainment levels set by the Board of Directors from time to time for the Board Diversity Policy (e.g. numerical targets and timelines) and the measures the Company has adopted to develop a pipeline of potential successors to the Board of Directors to achieve gender diversity, 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; and (ii) the results of the Company's review of the implementation of its board diversity policy conducted during the year (including progress towards the Company's objectives and how the Company has arrived at its conclusion);
- (7) 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;

- (8) to review the implementation and effectiveness of corporate mechanisms to ensure that the Board of Directors has access to independent views and opinions;
- (9) to report its decisions or recommendations to the Board of Directors, except where legal or regulatory constraints prevent it from doing so; and
- (10) 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 C1 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 or 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;

**Article 22**