

# PU'ER LANCANG ANCIENT TEA CO., LTD.

## 普洱澜沧古茶股份有限公司

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

**(Stock Code: 6911)**

### NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS — TERMS OF REFERENCE

#### Chapter I General Provisions

**Article 1** In order to regulate the selection of Directors and senior executives of Pu'er Lancang Ancient Tea Co., Ltd. ("**Company**"), optimize the composition of the Board of Directors and senior executives, and perfect the governance structure of the Company, the Company hereby sets up the Nomination Committee of the Board of Directors and formulates these Terms of Reference in accordance with the following regulations (as amended from time to time): Company Law of the People's Republic of China ("**Company Law**"), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, the Guidelines on the Bylaws of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HK Listing Rules**"), the articles of association of Pu'er Lancang Ancient Tea Co., Ltd. ("**Articles of Association**"), the rules of procedure of the Board of Directors of the Company, and other applicable provisions.

**Article 2** The Nomination Committee of the Board of Directors is a specialized working body under the Board of Directors and is mainly responsible for studying and making recommendations on the candidates for, and the criteria and procedure for selecting Directors and senior executives (including general manager, deputy general managers, secretary of the Board of Directors, financial director, and other senior executives specified by the Articles of Association) of the Company.

#### Chapter II Composition

**Article 3** The Nomination Committee is composed of three or more Directors, a majority of whom shall be Independent Non-executive Directors.

**Article 4** The members of the Nomination Committee shall be nominated by the chairman of the Board of Directors, one half or more of Independent Non-executive Directors, or one third or more of all Directors and be elected by the Board of Directors.

**Article 5** The Nomination Committee shall have one chairman (convener), who shall be an Independent Non-executive Director, responsible for convening the meetings of the Nomination Committee, and in charge of the work of the Nomination Committee. The chairman of the Nomination Committee shall be appointed by the Board of Directors.

**Article 6** The secretary of the Company shall act as the secretary of the Nomination Committee. If the secretary of the Company is absent from a meeting of the Nomination Committee, the representative delegated by the secretary or any person designated by the members of the Nomination Committee present at such meeting shall attend such meeting and take minutes of the meeting.

**Article 7** The term of office of a member of the Nomination Committee shall be the same as that of the Board of Directors and a member of the Nomination Committee may be reappointed if re-elected upon expiry of his/her term of office. A member of the Nomination Committee shall not be removed from office for no reason before the expiry of his/her term of office, unless any circumstance under which he/she shall not be a member of the Nomination Committee as required by the Company Law, the Articles of Association, the HK Listing Rules, or these Terms of Reference occurs. During the term of office, if a member ceases to be a Director of the Company or to satisfy the independence requirements of the HK Listing Rules that he/she is required to satisfy as an Independent Non-executive Director, such member shall be automatically disqualified from the member of the Nomination Committee and the Board of Directors shall fill the job vacancy in accordance with the provisions of Articles 3 to 5 hereof.

### **Chapter III Duties and Powers**

**Article 8** Subject to any provisions of the codes on corporate governance practices, the Nomination Committee mainly exercises the following duties and powers:

- (I) To review the structure, number of members, composition, and membership diversification (including skill, knowledge, experience, gender, age, cultural and educational background, and term of service) of the Board of Directors annually at the very least, assist the Board of Directors in maintaining a Board of Directors skills matrix and put forward suggestions on any changes to be made to the Board of Directors for coordination in the strategies of the Company based on the business activities, assets and the structure of equity of the Company;
- (II) To discuss the criteria and procedure for selecting Directors and senior executives and put forward suggestions thereon to the Board of Directors;
- (III) To search appropriately qualified persons as the candidates for Directors, and select and nominate the relevant persons to be Directors or put forward suggestions thereon to the Board of Directors;
- (IV) To extensively search and provide qualified candidates for general manager and other senior executives;
- (V) To review and put forward suggestions on the candidates for Directors and senior executives;
- (VI) To support the issuer's regular evaluation of the Board of Directors' performance;
- (VII) To put forward suggestions on the plan on appointment or reappointment or succession of Directors (the chairman of the Board of Directors and general manager in particular) to the Board of Directors;
- (VIII) To evaluate and check the independence of Independent Non-executive Directors;

- (IX) Before an appointment is made by the Board of Directors, to comprehensively assess the skill, knowledge, and experience of the Director to be appointed and make a statement on the functions and capacity requirements of the position concerned on the basis of the assessment results. When searching appropriate candidates, the Nomination Committee shall (if applicable and appropriate):
1. Use public advertisements or external consultant's services;
  2. Take into account relevant candidates with various backgrounds;
  3. Give consideration to the strengths of relevant candidates according to objective criteria and ensure that the person to be appointed shall have enough time to perform his/her duties on the post; and
  4. To handle relevant matters for exercising the rights and functions delegated by the Board of Directors.
- (X) When the Board of Directors intends to propose to appoint any person as an Independent Non-executive Director at a general meeting, to specify the following content in the notice sent to the shareholders and/or the statement letter attached to the notice of general meeting concerned:
1. The procedure of searching such person and the reason why the Board of Directors holds that such person should be appointed and is an independent person;
  2. The viewpoints, perspectives, skills, and experience that such person will bring to the Board of Directors;
  3. How such person will promote the diversification of members of the Board of Directors.
- (XI) To make, review, implement, and supervise (as applicable) the nomination policy of the Board of Directors (the “**Nomination Policy**”) and disclose the Nomination Policy in the Corporate Governance Report of the Company yearly. The procedure, process, and criteria of selection and recommendation of candidates for Directors (among other things) shall be specified in the Nomination Policy;
- (XII) To make a policy on the diversification of the Board of Directors taking into account the following factors (among other things): gender, age, culture, viewpoint, educational background, and experience; to review and implement the policy, supervise the progress of achieving the goal set by implementing the relevant policy, and disclose the relevant policy or policy summary in the Corporate Governance Report yearly, including any measurable goal set for implementing the policy and the progress of achieving such goal;
- (XIII) When a Non-executive Director is appointed and becomes a member of the Board of Directors, to ensure that he/she will receive a formal appointment letter, in which the expectations of his/her time commitment, his/her services for the Nomination Committee, and his/her handling of matters not concerned at board meetings are explicitly specified;
- (XIV) To make, review, assess, and check whether or not the corporate governance guidelines are sufficient and propose any change thereto to the Board of Directors for approval;

- (XV) To review and supervise the training for and continuing professional development of Directors and senior executives;
- (XVI) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (XVII) To make, review, and supervise the code of ethics and compliance manual (if any) applicable to employees and Directors;
- (XVIII) To review the compliance with the code of ethics by the Company and disclose the same in the Corporate Governance Report;
- (XIX) To handle relevant matters for exercising the powers and functions delegated by the Board of Directors;
- (XX) Other matters specified by laws, regulations, normative documents, the HK Listing Rules, the securities regulatory authority of Hong Kong, the Articles of Association, or the rules of procedure of the Board of Directors or delegated by the Board of Directors.

**Article 9** The Nomination Committee shall be responsible to the Board of Directors and the proposals of the Nomination Committee shall be submitted to the Board of Directors for deliberation and decision.

**Article 10** The Nomination Committee is authorized by the Board of Directors to investigate any activities within its scope of authority and require any employee to provide any needed information, and each employee must cooperate as required by the Nomination Committee.

**Article 11** The chairman of the Nomination Committee must attend the annual general meetings of the Company and answer the shareholders' questions concerning the Nomination Committee's duties and powers. If the chairman of the Nomination Committee is unable to attend an annual general meeting, any other member of the Nomination Committee or the duly authorized representative of the chairman shall attend the meeting.

**Article 12** The Nomination Committee shall publish its duties and powers at the websites of the Stock Exchange of Hong Kong Limited and the Company to make explanations about its role and the powers delegated by the Board of Directors to it.

#### **Chapter IV Decision-Making Procedure**

**Article 13** The Nomination Committee shall discuss the conditions and procedure of selection and term of office of the Directors and senior executives of the Company in accordance with relevant provisions of applicable laws, regulations, the HK Listing Rules, and the Articles of Association in combination with actual conditions of the Company and, if any matters are subject to deliberation and approval by the Board of Directors or at a general meeting, the Nomination Committee shall raise a proposal to the Board of Directors, go through the procedure of review and approval in accordance with applicable laws, regulations, the HK Listing Rules, and the Articles of Association, and carry out implementation accordingly.

**Article 14** The procedure of selection and appointment of Directors and senior executives is as follows:

- (I) The Nomination Committee shall communicate with relevant departments of the Company actively, discuss the Company's demand for new Directors and senior executives, and make written materials;
- (II) The Nomination Committee may extensively search candidates for Directors and senior executives within the Company, the holding (invested) enterprise, and the talent market;
- (III) The Nomination Committee shall collect the occupation, educational background, professional title, detailed occupational history, all part-time jobs, etc. of the candidates and make written materials;
- (IV) The Nomination Committee shall obtain the candidates' consent to the nomination; otherwise they shall not be taken as candidates for Directors or senior executives;
- (V) The Nomination Committee shall convene a meeting to review the qualifications of the candidates according to the job qualifications for Directors and senior executives;
- (VI) The Nomination Committee shall, one to two months prior to election of a new Director or engagement of a senior executive, put forward suggestions on the candidates for the Director or senior executive and submit relevant materials to the Board of Directors;
- (VII) The Nomination Committee shall perform subsequent work according to the decision and feedback of the Board of Directors.

## **Chapter V Rules of Procedure**

**Article 15** The Nomination Committee shall hold at least one meeting a year, notice of which shall be sent by its chairman (the convener) to all members seven days prior to the holding of the meeting; in the case of emergency, the notice of meeting may be sent at any time by the convener by telephone or in any other oral manner provided that the convener shall make an explanation at the meeting. A meeting of the Nomination Committee shall be presided over by the chairman. When the chairman is unable to attend the meeting, the meeting may be presided over by one member (an Independent Non-executive Director) entrusted by the chairman.

**Article 16** The members of the Nomination Committee must attend the meetings of the Nomination Committee and give their express opinions on the matters being deliberated at the meetings in person. If a member of the Nomination Committee is unable to attend a meeting for any reason, he/she may entrust any other member to attend and give opinions at the meeting on behalf of him/her by submitting a power of attorney signed by him/her. The scope and terms of authorization must be specified explicitly in the power of attorney. Each member may be entrusted by one member at the most. If a member (as an Independent Non-executive Director) is unable to attend a meeting of the Nomination Committee for any reason, he/she shall entrust any other member (as an Independent Non-executive Director) to attend the meeting on behalf of him/her.

**Article 17** A meeting of the Nomination Committee may be held with the attendance of two thirds or more of the members of the Nomination Committee; each member has one-vote voting power; and a resolution must be adopted by a majority of all members of the Nomination Committee.

A member of the Nomination Committee who has any interest in a matter for discussion at the meeting must be recused. If an effective opinion under deliberation cannot be made due to the recusal of a member of the Nomination Committee, the matter concerned shall be deliberated directly by the Board of Directors.

**Article 18** If a meeting of the Nomination Committee is held in the form of on-site meeting, the voting shall be carried out in the form of written open ballot; if a meeting of the Nomination Committee is held by communications (such as teleconference and video conference), the voting shall be carried out by communications and a member of the Nomination Committee shall be deemed as having attended the meeting and agreeing to the content of the resolution at the meeting if he/she signs the resolution.

The Nomination Committee may hold a meeting at which voting is carried out by communications, where necessary.

**Article 19** The senior executives are obligated to provide the Nomination Committee with sufficient well-timed information in time to assist the Nomination Committee in making informed decisions. The information provided must be complete and reliable. The Nomination Committee and its members may make further inquiry as they deem necessary and get in touch with senior executives independently by themselves.

**Article 20** The Nomination Committee may invite the Directors, Supervisors, and senior executives of the Company to attend the meetings of the Nomination Committee as non-voting delegates, where necessary, but a person who is not a member of the Nomination Committee has no voting power.

**Article 21** The Nomination Committee may engage an intermediary agency to provide professional opinions on its decisions at the expense of the Company, where necessary.

**Article 22** The procedure for convening a meeting, the form of voting, and the proposals adopted at a meeting of the Nomination Committee must comply with the provisions and requirements of applicable laws, regulations, the HK Listing Rules, the competent securities regulatory authority, the Articles of Association, rules of procedure of the Board of Directors, and these Terms of Reference.

**Article 23** The minutes of meetings of the Nomination Committee shall be kept by the secretary of the Company and signed by the members who have attended the meetings. The matters deliberated and the resolutions adopted at a meeting, including any doubts raised or dissenting opinions expressed by any member, shall be recorded in detail in the minutes of meeting. The draft and final version of the minutes of meeting shall be distributed to all members within a reasonable period after the meeting ends, the draft for expression of opinions by the members and the final version for filing. Upon receipt of a reasonable notice sent by any Director, the Company shall provide such Director with the minutes of meeting for review during reasonable hours.

**Article 24** The proposals adopted and the voting results reached at a meeting of the Nomination Committee shall be reported in written form to the Board of Directors, unless they cannot be reported due to the conflict between reporting of such matters and the Nomination Committee's general duties or the limitation imposed by laws, regulations, or regulatory provisions.

**Article 25** The members attending the meetings of the Nomination Committee and the persons sitting in on such meetings shall keep confidential the matters for review and shall not disclose relevant information.

## **Chapter VI   Supplementary Provisions**

**Article 26**   The terms “or more of”, “or more” and “at least” used herein include the given figure; the term “majority of” used herein does not include the given figure.

**Article 27**   These Terms of Reference and any modification hereof shall be deliberated and approved by the Board of Directors, enter into force and are put into effect as of the date upon approval by the Board of Directors, and the Board of Directors is responsible for interpreting these Terms of Reference.

**Article 28**   Any matters not covered herein shall be handled in accordance with relevant provisions and requirements of applicable laws, regulations, the HK Listing Rules, the competent securities regulatory authority, and the Articles of Association; in case of any conflict between these Terms of Reference and provisions and requirements of future laws, regulations, the HK Listing Rules, the competent securities regulatory authority, or the lawfully modified Articles of Association, the provisions and requirements of applicable laws, regulations, the HK Listing Rules, the competent securities regulatory authority, or the Articles of Association shall prevail, these Terms of Reference shall be modified, and the modification of these Terms of Reference shall be submitted to the Board of Directors for deliberation and approval.