



**China Wood Optimization (Holding) Limited**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(the "Company")**

**TERMS OF REFERENCE OF THE NOMINATION COMMITTEE**

*(Adopted at the Board Meeting on 20 December 2013)*

## **CONSTITUTION**

1. The board (the "Board") of directors of the Company (the "Directors") has resolved on 20 December 2013 to establish a committee known as the Nomination Committee (the "Committee").

## **MEMBERSHIP**

2. The Committee shall consist of not less than three members, a majority of whom shall be independent non-executive directors.  
The Committee shall be chaired by the chairman of the Board or an independent non-executive Director. All members and the chairman of the Committee shall be appointed and removed by the Board.
3. No member of the Committee shall appoint any alternate to attend the meeting or perform his duties thereat.
4. The company secretary of the Company or his representative (in his absence) shall be the secretary of the Committee (the "Secretary"). The Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary.

## **QUORUM**

5. The quorum necessary for the transaction of the business of the Committee shall be two members of the Committee.

## **ATTENDANCE OF MEETINGS BY NON-MEMBERS**

6. Other members of the Board, apart from the Members, shall have the right to attend any Meetings, but shall not be counted in the quorum of the relevant Meetings.

## **FREQUENCY OF MEETINGS**

7. Meetings shall be held at least once every year. The members of the Committee may at any time request a meeting if they consider necessary.

## **NOTICE OF MEETING**

8. Unless otherwise agreed by all Members, the notice of convening a meeting of the Committee shall be sent out not less than 5 working days before the meeting.

9. Notice of the Committee meeting shall state the date, time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the Committee for the purposes of the meeting.

## **RESOLUTIONS**

10. Resolutions of the Committee at any of its meetings shall be passed by a majority of votes of its members present.
11. In the event of equal votes, the chairman of the Committee shall have the right of second or casting vote.
12. Resolutions in writing signed by all members of the Committee shall be as valid and effectual as if they had been passed at a meeting of the Committee duly convened and held.

## **AUTHORITY**

13. The Committee is authorised to seek any information it requires from any employee or Director of the Company or from external resources, at the cost of the Company, in order to perform its duties. In connection with its duties, the Committee is authorised to obtain advice from independent professional consultants, whom it regards as competent to give such advice.
14. The Committee is authorised to determine the policy for the nomination of directors of the Company and delegate its authority and duties to sub-committees, or individual Members, as it deems appropriate.
15. No members shall be involved in deciding the appointment, re-appointment or re-evaluation of his own or any of his associates or be involved in the matter of succession of his position.  
Care shall be taken at all times to minimise the risk of any conflict of interest within the Committee in exercise of and in discharge of any powers and duties of the Committee.

## **DUTIES**

16. The duties of the Nomination Committee shall include, without limitation:
  - (a) reviewing the structure, size and composition (including but not limited to the skills, knowledge, experience and length of service) of the Board at least annually and making recommendation to the Board regarding any proposed changes to implement the Company's corporate strategy;
  - (b) identifying individual suitably qualified to become Board members and selecting

making recommendations to the Board on the selection of individuals nominated for directorships;

*Note: The other significant commitments of a proposed chairman of the Board shall be disclosed to the Board prior to the appointment. Any changes shall be reported to the Board as they arise and disclosed in the next annual report.*

*In identifying suitable candidates, the Committee shall use open advertising or services of external advisers to facilitate the search, consider candidates from a wider range of backgrounds and based on merit and objective criteria.*

- (c) ensuring that any Board candidate's external time commitments have been reviewed and such a candidate has sufficient time to undertake the role prior to the appointment;
- (d) ensuring that any proposed appointee to the Board has been required to disclose any other business interests that may result in conflict of interest and report any future business interests that could result in conflict of interest;
- (e) ensuring that any Board appointees receive a formal letter of appointment detailing their role and time commitments in relation to their appointment;
- (f) when Board vacancies arise, approving a description of the role and capabilities required for a particular appointment, including the expected time commitment;
- (g) assessing the independence of independent non-executive directors of the Company;
- (h) assessing and reviewing annually the time needed to fulfill the role of Chairman of the Board, senior independent Director and non-executive Director and annually assessing whether the non-executive Directors are spending sufficient time to fulfill their duties;

- (i) assisting the Chairman of the Board with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the Board and its Committees;
- (j) reviewing the results of the Board performance evaluation process that relate to the composition of the Board;
- (k) making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairman of the Board and the chief executive;
- (l) making recommendations to the Board with regard to:
  - (i) the appointment of any non-executive director to executive or other office;
  - (ii) the membership and chairmanship of the other Board Committees;
  - (iii) the chairman of the Board, after assessing every three years whether the present incumbents shall continue in post, taking into account the need for continuity versus change;
  - (iv) the re-election of any non-executive Director, after considering the need for progressive change of the Board where a non-executive Director has served for 6 years or more;
- (m) regularly reviewing the time required from a Director to perform his responsibilities;
- (n) doing any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;
- (o) 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; and
- (p) to make available its terms of reference, explaining the Committee's role and the authority delegated to it by the Board by including them on The Stock Exchange of Hong Kong Limited's website and the Company's website.

## **REPORTING PROCEDURES**

17. The Secretary shall circulate the draft and final minutes of Meetings and all written resolutions of the Committee to all members of the Committee for their comment and records within a reasonable time after the meetings.
18. The Secretary shall maintain as part of the Company's corporate records all approved minutes of Committee meetings and reports.
19. Any written resolutions shall be tabled and noted at the next meetings of the Committee and the Board.
20. The Committee shall make a statement in the Annual Report about its activities, the process used to make appointments, explain the reasons if external advice or open advertising has not been used for new Board appointments, and the process for the performance evaluation of individual Directors, the Board and its Committees.

## **ANNUAL GENERAL MEETINGS OF THE COMPANY**

21. The chairman or in his/her absence, another member of the Committee shall attend the Company's annual general meetings and be prepared to respond to questions raised by shareholders of the Company on the Committee's activities and responsibilities.

## **POWERS OF THE BOARD**

22. The Board may, subject to compliance with the articles of association of the Company and the Rules Governing Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, amend, supplement and revoke the terms of reference herein and any resolutions passed by the Committee provided that no amendment to and revocation of the terms of reference herein and the resolutions passed by the Committee shall invalidate any prior act and resolutions of the Committee which would have been valid if the terms of reference herein or resolution had not been amended or revoked.