CHINA TOBACCO INTERNATIONAL (HK) COMPANY LIMITED
中煙國際(香港)有限公司

Terms of Reference of Nomination Committee

Members

1. The members of the Nomination Committee shall be appointed by the board of directors ("**Board**") from amongst the directors, the majority of whom should be independent non-executive directors.

2. The chairman of the Nomination Committee must either be the chairman of the Board or an independent non-executive director of the Company and shall be appointed by the Board.

3. The Nomination Committee shall comprise not less than three members and have at least one director of a different gender. The quorum for meetings of the Nomination Committee shall be two members.

Secretary

4. The company secretary shall be the secretary of the Nomination Committee.

Frequency of meetings

5. The Nomination Committee shall meet at least once a year.

Consultation

6. The Board authorises the Nomination Committee to seek appropriate independent professional advice at the Company's expense within or outside the Company as the Nomination Committee deems necessary.

Duties

7. The duties of the Nomination Committee are:

    1) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

    2) to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

3) to assess the independence of the independent non-executive directors;

4) make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors, in particular the Chairman and the General Manager;

5) to report to the Board on its decisions or recommendations in a timely manner, unless there are legal or regulatory restrictions;

6) support the Company's regular evaluation of the Board's performance; and

7) other matters required by laws, administrative regulations, industry rules and authorised by the Board.

Minutes of meetings

8. Minutes of meetings of the Nomination Committee shall be sent to all members of the Board.

Performance review

9. The Nomination Committee shall review its performance annually with reference to the authorities and duties set out herein.