

# **Red Star Macalline Group Corporation Ltd.**

## **Working Rules of the Nomination Committee under the Board of Directors**

(Revised in October 2018)

### **Chapter 1 General Provisions**

- Article 1** In order to improve the corporate governance structure, regulate the election of directors and senior management of the Company and optimize the composition of the Board of Directors (hereinafter referred to as the “Board”), the Company has established a Nomination Committee under the Board and formulated these Rules in accordance with the *Company Law of the People’s Republic of China*, *Articles of Association of Red Star Macalline Group Corporation Ltd.* (hereinafter referred to as “*Articles of Association*”), *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* (hereinafter referred to as “*SSE Listing Rules*”). *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (hereinafter referred to as “*Hong Kong Listing Rules*”) and other relevant provisions.
- Article 2** As a deliberative institution set up by the Board according to the resolution of the general meeting, the Nomination Committee is mainly responsible for choosing candidates for directors and senior management of the Company and formulating selection criteria and procedures, and making recommendations thereon.

### **Chapter 2 Composition**

- Article 3** The Nomination Committee shall be composed of at least three directors, of whom independent non-executive directors shall account for the majority.
- Article 4** Members of the Nomination Committee (collectively “members”) shall be nominated by the chairman of the Board, more than half of independent non- executive directors or more than one third of all the directors, and shall be decided by the Board.
- Article 5** The Nomination Committee shall have one chairman whose position shall be taken by an independent non-executive director and who shall be responsible for convening and presiding over the committee meetings. The chairman shall be decided by the Board.

**Article 6** The term of office of members of the Nomination Committee shall be the same as that of members of the Board of the same term. A member may serve consecutive terms if re-elected upon the expiry of his/her term of office. Unless in the circumstances as specified in the *Company Law, Articles of Association, SSE Listing Rules, Hong Kong Listing Rules* or relevant laws and regulations where a person is prohibited from acting as a member, no member shall be removed from his/her duties without cause before his/her term of office expires. Any member of the Nomination Committee who no longer serves as director during the term or who is an independent non-executive director and no longer meets relevant independence requirements as specified in the *Hong Kong Listing Rules* shall automatically be disqualified as a member of the Nomination Committee, and the Board shall fill the vacancy in accordance with Articles 3-5 above.

**Article 7** Where the members of the Nomination Committee fail to meet the requirements specified in Articles 3 and 5 of these Rules, the Board shall, according to the *SSE Listing Rules* or *Hong Kong Listing Rules*, immediately state relevant details and reasons by announcement, and fill the vacancy according to Articles 3-5 of these Rules within three months from the date of failure to meet the aforesaid requirements. The term of office for the member filling the vacancy shall expire at the end of the term when he/she serves as director.

### **Chapter 3 Duties and Authorities**

**Article 8** The main duties and authorities of the Nomination Committee include:

- (I) Studying and formulating the selection criteria and procedures for directors, general manager and other senior management of the Company and important subsidiaries, and making recommendations thereon;
- (II) Extensively looking for and providing qualified candidates for general manager and other senior management;
- (III) Examining and verifying candidates for directors, general manager and other senior management, and making opinions or recommendations thereon;
- (IV) Reviewing the structure, size, composition and diversity (including skills, knowledge, experience, sex, age, cultural and educational background, and length of service) of the Board at least annually according to the Company's business activities, asset size and equity structure, and making recommendations on any proposed changes to the Board to complement the Company's strategy;

- (V) Making recommendations to the Board on appointment or re-appointment of directors and succession plan for the directors (especially chairman and CEO);
- (VI) Identifying persons suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of persons nominated for directorship;
- (VII) Assessing the independence of independent non-executive directors;
- (VIII) Evaluating the structure of committees under the Board, recommending directors to serve as members of relevant committees and submitting the recommendation to the Board for approval;
- (IX) Executing other duties and authorities specified in the laws, regulations, normative documents, *SSE Listing Rules*, *Hong Kong Listing Rules*, the securities regulatory authorities in the places where the Company's shares are listed, the *Articles of Association*, Rules of Procedure for Board Meetings of the Company, and as conferred by the Board.

**Article 9** The Nomination Committee is accountable to the Board. Proposals of the Committee shall be submitted to the Board for consideration and decision. Unless there is sufficient reason or reliable evidence, the controlling shareholders shall fully respect the recommendations made by the Nomination Committee; and the candidates for alternative directors and managers shall not be proposed.

**Article 10** The Nomination Committee shall study the election criteria and selection procedures and employment durations of directors and senior management of the Company in accordance with relevant laws and regulations, *SSE Listing Rules*, *Hong Kong Listing Rules* and *Articles of Association* while taking into consideration of the Company's actual circumstances, and the formulated resolutions shall be filed and submitted to the Board for approval and implemented accordingly.

**Article 11** The Nomination Committee shall observe the following procedures while the Company selects directors, general managers and other senior management:

1. Actively communicating with relevant departments of the Company to study the Company's demand on new directors, general managers and other senior management, and forming written materials;

2. Searching for candidates for directors, general managers and other senior management on an extensive scale within the Company, controlling (holding) company(s) and on the talent market and the like;
3. Collecting information of the primary candidates, such as the occupation, educational background, title, detailed work experience and all concurrent posts and the like to form written materials;
4. Seeking the consent of the nominees on the nomination, otherwise such persons shall not be considered as the candidate for the directors, general managers or other senior management;
5. Convening a meeting of the Nomination Committee to examine the qualifications of the primary candidates according to the job qualifications for directors, general managers and other senior management;
6. Submitting the recommendations and materials concerning the candidates for directors, general managers and other senior management according to the *Articles of Association* within two months before electing new directors and employing new general managers and other senior management;
7. Implementing other follow-up work in accordance with the decisions and feedback of the Board.

**Article 12** The chairman of the Nomination Committee shall attend the annual general meeting and answer the shareholders' questions in relation to the duties of the Nomination Committee. If the chairman of the Nomination Committee cannot attend the annual general meeting, another member or duly authorized representative shall attend the meeting.

## **Chapter 4 Convening and Notice of A Meeting**

**Article 13** The Nomination Committee shall meet at least once every year and notify all members five days before convening of the meeting. In the event of emergency, a notice may be issued at any time regarding convening of an extraordinary meeting, and the chairman of the Nomination Committee shall make explanation at the meeting. The meeting shall be convened and presided over by the chairman of the Nomination Committee. If the chairman cannot fulfil his/her duties, he/she may appoint another member (independent non-executive director) to preside over the meeting; if the chairman neither fulfils his/her duties nor designates other member to fulfil the duties on his/her behalf, the other two members may negotiate to recommend one of them to fulfil the duties as the convenor.

**Article 14** The meetings may be held on site or in the form of written circular. If a meeting is held on site, telephone, video, etc. may be used to facilitate the members in attending the meeting. Any member who attends the meeting via the abovementioned approaches shall be deemed as having attended the onsite meeting.

**Article 15** Voting at the meetings of the Nomination Committee shall be conducted by a show of hands or by poll. Where any member cannot sign the resolutions made at a telephone meeting or video meeting in real time, the said member may orally give opinions first and responsively affix the written signature thereof, provided that there is no discrepancy between the opinions expressed by such member in completing the written resolutions and the opinions orally expressed by him/her at the meeting. Voting at an extraordinary meeting may also be conducted by means of communications.

## **Chapter 5 Rules of Procedure and Voting Procedure**

**Article 16** Members of the Nomination Committee may attend the meeting in person or appoint another member to attend and vote on their behalf.

**Article 17** Members who appoint another member to attend and vote on their behalf shall submit a power of attorney to the convenor of the meeting. The power of attorney shall be submitted to the convenor of the meeting no later than the voting of the meeting.

**Article 18** The power of attorney shall at least include the following items:

- (I) Name of the principal;
- (II) Name of the proxy;
- (III) Matters to be assigned;
- (IV) Instruction on the exercise of voting right over the meeting topics (for, against or abstained) and, where no specific instruction is made, explanation on the capacity of proxy to vote on his/her will;
- (V) Signature of the principal and signing date.

- Article 19** Any member of the Nomination Committee who does not attend the meeting in person or by proxy shall be deemed as having not attended the relevant meeting. Any member of the Nomination Committee who does not attend the meeting for two consecutive times shall be deemed as unable to duly perform his/her functions and powers, and the Board of the Company may annul his/her position.
- Article 20** The meetings of the Nomination Committee shall be held only if more than two thirds of the members are present; each member shall be entitled to one vote; the resolutions made at the meetings shall be approved by more than half of all the members.
- Article 21** Where any member of the Nomination Committee has any interest in the matters to be deliberated by the Nomination Committee, such member shall abstain from voting on the matters.
- Article 22** The proposal corresponding to each meeting topic shall be deliberated in sequence after the presider of the meeting of the Nomination Committee announces commencement of the meeting.
- Article 23** The Nomination Committee may have a free exchange of views on the meeting topics but shall pay attention to maintaining the order of the meeting. The presider of the meeting shall have the right to determine the length of discussion.
- Article 24** Matters to be deliberated at the meetings of the Nomination Committee shall be deliberated intensively and voted on in sequence, i.e. all proposals shall be voted on separately in order of deliberation after being deliberated by all attending members.
- Article 25** Members of the Nomination Committee, if they deem necessary, may gather other persons relating to the meeting proposal to attend the meeting to give a briefing or express their opinions. However, those who are not members of the Nomination Committee have no voting right over the proposals. If necessary, the directors, supervisors and other senior management of the Company may be invited to attend the meetings.
- Article 26** The senior management has the responsibility to provide enough information to the Nomination Committee in time, so as to help it make informed decisions. The information provided shall be complete and reliable. The Nomination Committee and its members may make further query, and independently contact the senior management when they deem necessary.

**Article 27** If necessary, the Nomination Committee may engage intermediaries to provide independent and professional advice for its decision-making, with the expenses to be borne by the Company.

**Article 28** The convening procedure and voting formula of the meetings of the Nomination Committee and the proposals adopted at the meetings shall comply with relevant laws, regulations, *SSE Listing Rules*, *Hong Kong Listing Rules*, other provisions of the securities regulatory authorities in the places where the Company's shares are listed, the *Articles of Association* and these Rules.

## **Chapter 6 Resolutions and Minutes of the Meetings**

**Article 29** Minutes shall be recorded for the meetings of the Nomination Committee and shall be signed by the attending members; the minutes shall be kept by the secretary to the Board for at least 10 years. The minutes shall offer sufficient detail to serve as a record of matters deliberated and decisions reached at the meeting, including any doubts or objections of the members. After conclusion of the meeting, the initial and finalized meeting minutes shall be sent to all the members in due time, with the initial ones to be commented on by the members and the final ones to be recorded. If any director gives a reasonable notice, the Company shall give the said director access to such minutes within reasonable time.

**Article 30** Proposals and voting results adopted at the meetings of the Nomination Committee shall be reported to the Board of the Company in writing, unless such reporting is in conflict with the general responsibilities of the Nomination Committee or cannot be made according to laws, regulations or regulatory requirements (e.g. disclosure is restricted due to regulatory requirements).

**Article 31** Members present at the meeting shall keep confidential all matters discussed at the meetings. Unauthorized disclosure of the relevant information shall be prohibited.

## **Chapter 7 Supplementary Provisions**

**Article 32** The phrases "more than" and "at least" as referred to herein are inclusive while "majority" is exclusive.

**Article 33** These Rules shall be published on the Company's website and the website of the stock exchanges of the places where the Company's shares are listed.

**Article 34** These Rules and the amendment thereof shall be subject to consideration and approval of the Board of the Company before becoming effective.

**Article 35** Matters not covered herein shall be subject to relevant laws and regulations, *SSE Listing Rules*, *Hong Kong Listing Rules*, other provisions of the securities regulatory authorities in the places where the Company's shares are listed and relevant provisions of the *Articles of Association*. If relevant provisions of these Rules conflict with relevant laws and regulations, *SSE Listing Rules*, *Hong Kong Listing Rules*, other provisions of the securities regulatory authorities in the places where the Company's shares are listed and the *Articles of Association* promulgated or amended thereafter, relevant laws and regulations, *SSE Listing Rules*, *Hong Kong Listing Rules*, other provisions of the securities regulatory authorities in the places where the Company's shares are listed and the prevailing or amended *Articles of Association* shall apply.

**Article 36** The authority of formulation and interpretation of these Rules shall be vested in the Board of the Company.

*These Rules have been prepared in Chinese and translated to English. In case of any discrepancy between the Chinese and the English versions of these Rules, the Chinese version shall prevail*