
GUOAN INTERNATIONAL LIMITED
TERMS OF REFERENCE OF NOMINATION COMMITTEE

1 Purpose of the Nomination Committee (the “Committee”)

- 1.1 To assist the Board of Directors (the “Board”) of Guoan International Limited (the “Company”) in leading the process for Board appointments and identifying and nominating qualified individuals for appointment to the Board.

2 Authority

- 2.1 The Committee shall have the following authority within its terms of reference:

2.1.1 Obtain professional advice and assistance from, at the Company’s expense, independent legal, accounting or other consultants to advise the Committee if it considers the same necessary for it to perform its duties; and

2.1.2 Seek the relevant information it requires from the management and employees for performing its duties.

3 Composition

- 3.1 The Committee shall comprise a minimum of three members with a majority being independent non-executive directors (“INEDs”) of the Company. INEDs shall meet the independence requirements stated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

- 3.2 The Chairman of the Committee shall be appointed by the Board who must be the chairman of the Board or an INED.

- 3.3 The Board may at any time appoint, remove, suspend or replace any member of the Committee at its option by resolution.

- 3.4 Members of the Committee shall be recommended and appointed by the Board, in consultation with the Chairman of the Committee. Each member shall hold office until cessation of his/her appointment as decided by the Board.

- 3.5 Other than its members, the Committee may also invite other persons considered appropriate by the Committee, to attend meetings as and when necessary who shall have no voting rights.

- 3.6 In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

4 Duties and Responsibilities

- 4.1 The Committee shall review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy. In reviewing the Board composition, the Committee shall give adequate consideration to the Company’s policy on board diversity.

- 4.2 The Committee shall identify individuals suitably qualified for appointment as additional Board members or to fill Board vacancies and select or make recommendations to the Board on the selection of individuals nominated for directorships, with due regard for the benefits of diversity of the Board members.

- 4.3 The Committee shall assess the independence of INEDs.

- 4.4 The Committee shall make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer.

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4.5 The Committee shall do any other things to enable the Committee to discharge its powers and functions conferred on it by the Board.

4.6 The Chairman of the Committee or, in his/her absence, another member of the Committee or failing this, his/her duly appointed delegate as invited by the Chairman of the Board should attend annual general meetings to answer any questions from the shareholders.

5 Secretary

5.1 The Company Secretary or any member elected by the Committee members shall act as the Secretary of the Committee (the "Secretary").

6 Quorum and Proceedings

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

6.2 Any members of the Committee or other attendees by invitation may participate in a meeting of the Committee by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting are capable of hearing each other.

6.3 The meetings and proceedings of the Committee shall be subject to the same provisions contained in the Company's Articles of Association and the Board's policies and proceedings (in so far as the same are not in conflict with the provisions contained in the Articles of Association) for regulating the meetings and proceedings of the Board so far as the same are applicable hereto and are not replaced by or contradict any regulations contained herein.

6.4 A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held and may consist of several documents in like form each signed by one or more of the members of the Committee. An electronic or facsimile message sent by a member of the Committee shall be deemed to be a document signed by him/her for the purposes of this paragraph provided that a manually signed copy thereof shall be produced afterwards.

7 Meetings

7.1 The Committee shall meet at least once annually. Additional meetings may be convened as required.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than 3 days before the date of the meeting or such other period of notice as reasonably practicable. Supporting papers shall be sent to Committee members and other attendees as appropriate, no later than 1 day before the meeting or within a reasonably practicable period of time prior to the meeting.

7.3 The Chairman of the Committee shall ensure all members are properly briefed on issues arising at Committee meetings.

7.4 The Secretary shall record the names of those present and in attendance of each Committee meeting as well as fully minute the proceedings and resolutions of all meetings of the Committee including the matters considered by the Committee and decisions reached, including any concerns raised by the Committee members or dissenting views expressed. The Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7.5 Draft and final minutes shall be circulated to all members of the Committee for their comment and records respectively, within a reasonable time after the meeting.

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8 Reporting Procedures

- 8.1 The Secretary shall keep and circulate the minutes of the meetings of the Committee to all members of the Board.
- 8.2 The Committee shall promptly report back to the Board on its decisions and recommendations.

9 General

- 9.1 The Committee shall review and assess the adequacy of these Terms of Reference regularly to ensure they are operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 9.2 The Committee shall make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the websites of the Company and The Stock Exchange of Hong Kong Limited.