



## JIANGSU HORIZON CHAIN SUPERMARKET COMPANY LIMITED

江蘇宏信超市連鎖股份有限公司

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

**(Stock Code: 2625)**

### **Terms of Reference of the Nomination Committee of the Board**

#### **Chapter 1 General Provisions**

**Article 1** Pursuant to the Company Law of the PRC (the “**Company Law**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), the Corporate Governance Code and the Corporate Governance Report as set out in Appendix C1 to the Hong Kong Listing Rules and other relevant applicable laws, administrative regulations, departmental rules, normative documents as well as the Articles of Association of Jiangsu Horizon Chain Supermarket Company Limited (the “**Articles of Association**”) applicable after the overseas public offering and listing of the Company, and according to the resolution of the Board, Jiangsu Horizon Chain Supermarket Company Limited (the “**Company**”) hereby, establishes the Nomination Committee of the Board of Directors and formulates the Terms of Reference of the Nomination Committee of the Board of Jiangsu Horizon Chain Supermarket Company Limited (the “**Terms of Reference**”) based on the actual conditions of the Company, in order to regulate the appointment of directors and senior management, optimise the composition of the Board and enhance its corporate governance structure.

**Article 2** The Nomination Committee of our Board is a specialised working body under the Board of the Company, which is principally responsible for considering selection of directors (including independent non-executive directors) and senior management of the Company, the selection criteria and procedures thereof, as well as putting forward opinions and recommendations to the Board.

The senior management mentioned in the Terms of Reference refers to the general manager, deputy general manager, the person-in-charge of finance (chief financial officer), the secretary of the Board and other personnel appointed by the Board as senior management of the Company.

#### **Chapter 2 Composition**

**Article 3** The Nomination Committee shall comprise more than three directors, with a majority of independent non-executive directors and at least one member of a different gender.

**Article 4** Members of the Nomination Committee shall be nominated by the chairman of the Board or jointly by more than one-half of the independent directors or more than one-third of members of the Board, and shall be elected by a majority of all directors of the Board.

**Article 5** The Nomination Committee shall have one convener being the chairman of the Nomination Committee, who shall be the chairman or an independent non-executive director. The chairman of the Nomination Committee shall be appointed and removed by the Board and shall be responsible for presiding over the works of the Nomination Committee. When the chairman of the Nomination Committee is unable to or fails to perform his/her duties, an independent non-executive director shall be elected by more than one-half of the members to perform the chairman's duties. After the proposal of electing members of the Nomination Committee has been approved, the new members of the Nomination Committee shall take office immediately after the conclusion of the meeting of the Board.

**Article 6** The term of office of the Nomination Committee shall be the same as that of the Board. A member may serve consecutive terms if re-elected upon expiry of his/her term of office. During his/her term of office, if any member ceases to be a director of the Company, or any member with the capacity of an independent non-executive director ceases to have the independence as stated in the Company Law, the Articles of Association and the Hong Kong Listing Rules, his/her membership in the Nomination Committee shall lapse automatically. A member of the Nomination Committee may submit his/her resignation report in writing to the Board prior to the expiry of his/her term of office to resign from his/her position in the Nomination Committee. The resignation report shall contain such reasons for resignation and matters which require the attention of the Board of the Company as necessary. Upon the loss of qualification or permission to resign, the position(s) vacated by such member(s) shall be filled by the Board according to relevant applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and provisions of Articles 3 to 5 above. The term of office for the member filling the vacancy shall expire upon the expiration of his/her term of office as a director or an independent non-executive director. A member of the Nomination Committee shall not, before the expiry of his/her term of office, be relieved of his/her duties without causes except for the situations that prevent such member from holding office as specified in the Company Law, the Articles of Association or the Hong Kong Listing Rules.

The secretary of the Board shall be responsible for the Nomination Committee's daily communication, arrangement of meetings and implementation of the relevant resolutions of the Committee.

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

**Article 7** The specific duties of the Nomination Committee include but not limited to:

- (I) to consider and draw up the criteria and procedures for selecting directors and senior management and make recommendations thereon to the Board. Factors to be considered include but are not limited to cultural and educational background and work experience;
- (II) to identify candidates suitably qualified to become directors and make nominations to the Board, to review and make recommendations on candidates for directors of the Company (in particular the chairman of the Board);
- (III) to identify candidates suitably qualified to become senior management, to review and make recommendations on candidates for senior management of the Company (in particular the general manager);
- (IV) to review the independence of independent non-executive directors;
- (V) to review the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors 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 strategies; to assess the structure of the committees under the Board, recommend members to the relevant committees from among the directors, and submit to the Board for approval;
- (VI) to establish reserve plans for directors and senior management, and to update and supplement the plans at any time;
- (VII) to evaluate the director's work, and put forward opinions or suggestions on the replacement, reappointment or succession of directors (including the chairman and CEO) based on the evaluation results;
- (VIII) to formulate, and, where appropriate, review and implement the Board diversity policy adopted by the Board from time to time, review the progress of achieving goals, and disclose the relevant reviewed policies or their summary in the Company's annual report;
- (IX) to support regular evaluation of the Board's performance;
- (X) other matters prescribed by relevant applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and the Articles of Association and authorised by the Board.

**Article 8** The Nomination Committee may exercise any authority conferred by the Board at such time as it considers necessary. The Company shall provide sufficient resources to the Nomination Committee to perform its duties. Where necessary, the Nomination Committee may engage headhunting firms to assist in searching competent candidates for directors and senior management. The duration and costs of service provided by the aforesaid agencies shall be determined by the Committee and the reasonable costs incurred shall be borne by the Company.

**Article 9** The Nomination Committee shall be accountable to the Board. The recommendations made by the Committee shall be submitted to the Board for consideration and approval, among which, resolutions on the nomination of candidates for directors shall, upon approval by the Board, be submitted to the shareholders' general meeting for consideration and approval prior to implementation. In the absence of sufficient reasons or reliable evidence, the controlling shareholders shall fully respect the proposals made by the Nomination Committee and shall not propose substitutive candidates for the roles of directors and senior management.

**Article 10** The Nomination Committee shall make available its Terms of Reference explaining its role and the authority delegated to it by the Board on the websites of The Stock Exchange of Hong Kong Limited and the Company.

#### **Chapter 4 Working Procedures**

**Article 11** The human resources department is the day-to-day working body of the Nomination Committee. It is responsible for the preliminary preparation of the Nomination Committee meetings and assist in preparing relevant materials for the meetings.

**Article 12** The selection procedures of directors and senior management are as follows:

- (I) the human resources department and the Nomination Committee shall actively communicate with the relevant departments of the Company to assess the demand for new directors and senior management, and come up with written materials;
- (II) the Nomination Committee may extensively seek for candidates for directors and senior management within the Company, its holding (shareholding) enterprises as well as the job market;
- (III) the Nomination Committee shall collect and learn the information of the occupation, education background, job title, detailed working experience and all the part-time jobs of the initially proposed candidates, and produce materials in writing;
- (IV) to seek for the nominee's written consent to the nomination, otherwise, he/she shall not be considered as a candidate for directors and senior management;
- (V) to convene Nomination Committee meetings to review the qualifications of the initially proposed candidates according to the job requirements of directors and senior management;

(VI) to submit proposals and the relevant materials to the Board in respect of candidates of directors and senior management within a reasonable period of time prior to the election of new directors and senior management;

(VII) to carry out other follow-up work according to the decision and feedback of the Board.

**Article 13** The chairman of the Nomination Committee or (if the chairman is absent) another member of the Nomination Committee (who must be an independent non-executive director) shall attend the shareholders' annual general meeting of the Company and respond to the enquiries from shareholders regarding the activities and responsibilities of the Nomination Committee.

## **Chapter 5 Rules of Procedure**

**Article 14** Members of the Nomination Committee shall undertake the duties of loyalty and diligence towards the Company in accordance with applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and the Articles of Association. Proposals or recommendations raised at the Nomination Committee meeting must comply with the requirements of applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and the Articles of Association.

**Article 15** According to the provisions of applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and the Articles of Association and subject to the Company's practical situation, the Nomination Committee shall review the criteria and procedures for selection and terms of office of directors and senior management of the Company. Any resolution formed in this regard shall be submitted to the Board for consideration and approval. If the Board intends to propose a resolution at the general meeting to elect a person as an independent non-executive director, the circular/or explanatory letter to Shareholders accompanying the notice of the general meeting shall state:

- (I) the process for identifying the person, the reasons for which the Board considers that the person should be appointed and the reasons for which they consider the person to be an independent person;
- (II) if an independent non-executive director will serve as a director of a seventh (or more) listed company, the reasons for the Board to consider that such person can still devote sufficient time to the Board;
- (III) the perspectives, skills and experience that such person can bring to the Board; and
- (IV) how such person promotes diversity on the Board.

**Article 16** Meeting of the Nomination Committee may be convened by the chairman of the Nomination Committee as he/she deems it necessary, by the proposal of at least half of the members of the Committee or upon recommendation of the chairman of the Board. Regular meetings shall be held at least once a year.

**Article 17** Meetings of the Nomination Committee shall be convened by the chairman of the Committee. Notice of meeting, signed by the chairman of the Committee, and materials for meeting shall be delivered to all members of the Committee three days prior to the meeting. Upon unanimous consent of all members of the Committee, the requirement on such prior notice period may be exempted.

**Article 18** Meetings of the Nomination Committee shall be presided over by the chairman of the Committee, in whose absence another member (independent non-executive director) who is authorised by the chairman of the Committee may preside over the meeting in his/her stead.

**Article 19** The quorum for meetings of the Nomination Committee shall be at least two-thirds of the total members of the Committee, one of whom shall be an independent non-executive director. Members who cannot attend a meeting may authorise, in writing, other members to attend and vote on his/her behalf. The form of proxy, containing the name of the proxy, the matters delegated, the scope of authorisation and the validity period of such authorisation, and signed or stamped by the appointer, shall be submitted to the presider of the meeting no later than the time when voting takes place. If a member neither attends the meeting nor entrusts another member as his/her proxy to attend the meeting of the Nomination Committee, he/she shall be deemed to have waived the voting right at such meeting.

The resolutions made at the meetings shall be approved by a majority of all members, and relevant resolutions or opinions shall be signed by the participating members of the Nomination Committee. Each member shall have one vote and may vote “for”, “against” or “abstain” from voting on a given matter. Where the respective votes for and against a resolution are equal in number, the chairman of the Nomination Committee shall be entitled to have a casting vote.

**Article 20** Meetings of the Nomination Committee may be held by on-site meetings, tele-conferences, video conferences, circulation of documents, facsimile, email or other appropriate means.

**Article 21** The Nomination Committee may invite the directors, senior management and external advisors of the Company to attend meetings of the Nomination Committee when necessary. Persons attending the meetings may explain or illustrate the matters discussed at the meetings, but non-members of the Nomination Committee shall have no voting rights.

**Article 22** The Company should provide the Nomination Committee with sufficient resources to perform its duties. If necessary, the Nomination Committee may engage intermediary institutions to provide professional opinions for its decision-making. The reasonable expenses shall be borne by the Company.

**Article 23** The convening procedures, voting method and resolutions passed on the meetings of the Nomination Committee shall comply with the applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules, the Articles of Association and the Terms of Reference.

**Article 24** Minutes of meetings of the Nomination Committee held on site shall be prepared, on which members present at the meeting shall sign. Members present at such meetings are entitled to require his/her speech at meetings to be explicitly recorded in minutes. Minutes of meetings of the Committee shall be kept by the secretary to the Board of the Company. Resolutions passed by the Nomination Committee and the voting results shall be reported in writing to the Board. The minutes are open for inspection any time at reasonable times and on reasonable notice by any member of the Board or the Committee. Draft and final versions of minutes of meeting shall be sent to all members for their comment and records respectively, in both cases within a reasonable time after the Committee meeting is held.

**Article 25** The Nomination Committee shall form a clear and definite conclusion on the resolutions under consideration, including: approval, rejection or consideration pending supplementary information. The resolutions and voting results passed at the meetings of the Nomination Committee shall be reported in writing to the Board of the Company for its consideration.

**Article 26** Members present at meetings of the Committee and persons attending such meetings shall perform a duty of confidentiality regarding matters discussed at such meetings. No unauthorised disclosure of such information shall be allowed, unless otherwise stipulated under applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and/or rules of regulatory bodies.

## **Chapter 6 Avoidance System**

**Article 27** Where a member of the Nomination Committee himself/herself or his/her immediate relatives, or other enterprises controlled by the member or his/her immediate relatives are interested, directly or indirectly, in any issue discussed at the meetings, the member shall disclose as soon as possible the nature and extent of the interest to the Nomination Committee.

**Article 28** In the event of any such circumstances as set forth above, the interested member shall give a detailed explanation of the relevant circumstances at the meetings of the Nomination Committee and clearly indicate that he/she will recuse himself/herself from voting. However, if the other members of the Nomination Committee unanimously agree after discussion that such interests will not have a significant impact on the matter to be voted on, the interested member may participate in the voting.



In case the Board considers it inappropriate for the interested member to participate in the voting as mentioned in the preceding paragraph, it may revoke the voting results, and require the other uninterested members to vote on the relevant proposals again.

**Article 29** The Nomination Committee shall consider and make a resolution on the proposal without counting interested members as a quorum. In case the quorum of the meeting of the Nomination Committee after the recusal of interested members is less than the minimum quorum, all the members (including interested members) shall make a resolution on the procedural issues regarding submitting such proposals to the Board for consideration, and the Board shall consider such proposals accordingly.

**Article 30** The minutes and resolutions of the Nomination Committee meetings shall specify the fact that the interested members were not counted as a quorum and did not participate in the voting.

## **Chapter 7 Supplementary Provisions**

**Article 31** “More than” and “within” as referred to in the Terms of Reference shall include the number, and the words “majority” shall not include the number itself.

**Article 32** This Terms of Reference are deliberated and approved by the Board of Directors, and shall come into force and be implemented from the day on which the overseas listed shares in the Company’s initial public offering are listed for trading on The Stock Exchange of Hong Kong Limited.

**Article 33** The Terms of Reference shall be amended and interpreted by the Board of Directors.

**Article 34** Any matters not covered herein shall be implemented in accordance with the provisions of applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and any other regulatory rules of the place(s) where the shares of the Company are listed and the Articles of Association. Where the Terms of Reference conflict with any provisions of applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and any other regulatory rules of the place(s) where the shares of the Company are listed or the Articles of Association, such applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and any other regulatory rules of the place(s) where the shares of the Company are listed and the Articles of Association shall prevail, and the Terms of Reference shall be amended accordingly as soon as practicable and submitted to the Board for consideration and approval.