



BAOGAI

Shandong Baogai New Materials Technology Co., Ltd.

山東寶蓋新材料科技股份有限公司

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

(Stock Code: 8090)

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS

Chapter 1 General Provisions

- Article 1 In order to regulate the nomination and appointment of directors and senior management of Shandong Baogai New Materials Technology Co., Ltd. (the “**Company**”), optimize the composition of the board of directors and improve the corporate governance structure of the Company, these terms of reference are formulated in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Measures for the Supervision and Administration of Non-listed Public Companies (the “**Non-listed Public Companies Measures**”), the Governance Rules for Companies Listed on the National Equities Exchange and Quotations (the “**NEEQ Governance Rules**”), the Articles of Association of Shandong Baogai New Materials Technology Co., Ltd. (the “**Articles of Association**”), the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and other relevant laws and regulations, and in light of the actual circumstances of the Company.
- Article 2 The Nomination Committee is a specific committee set up by the board of directors. Its main responsibilities are to formulate the selection standards and procedures for directors and senior management of the Company, select candidates and review their qualifications, and make recommendations to the board of directors.
- Article 3 For the purpose of these terms of reference, “directors” refer to all directors elected by the general meeting of the Company, including independent non-executive directors; “senior management” refers to the general manager, deputy general managers, secretary to the board of directors, financial officer (chief financial officer), and other senior management personnel as prescribed by applicable laws and regulations, the GEM Listing Rules, other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Chapter 2 Composition

- Article 4 The Nomination Committee shall comprise five directors, the majority of whom shall be independent non-executive directors.
- Article 5 Members of the Nomination Committee shall be nominated by the chairman of the board, or by more than one-third of all directors, or by more than one-half of the independent non-executive directors, and shall be elected by a majority of the board of directors. Upon passing of a board resolution approving the election, a newly appointed member shall assume office immediately after the conclusion of the board meeting.
- Article 6 The Nomination Committee shall have a Chairperson (the “**Chairperson**”), who shall be either the chairperson of the Board or an independent non-executive director. The Chairperson shall preside over the work of the Nomination Committee and shall be elected or removed by the members of the Nomination Committee and reported to the Board for approval.
- Article 7 The term of office of the members 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 or her term of office.

During the term of office, where a member of the Nomination Committee ceases to be a director of the Company, or where a member who is required to be an independent non-executive director no longer satisfies the independence requirements under the Company Law, the Articles of Association, the Administrative Measures for Independent Directors of Listed Companies, the GEM Listing Rules or other securities regulatory rules of the place where the shares of the Company are listed, such member shall automatically cease to be a member of the Nomination Committee.

Chapter 3 Duties and Authorities

- Article 8 The Nomination Committee shall formulate the selection standards and procedures for directors and senior management, select and review candidates and their qualifications, and make recommendations to the board of directors on the following matters:
- (I) to study the selection standards and procedures for directors and senior management and make recommendations to the board of directors;
 - (II) to nominate directors, to make recommendations to the board regarding the appointment or removal of directors, and review candidates for directors;
 - (III) to make recommendations to the board regarding the appointment or removal of senior management and review candidates for senior management;

- (IV) to review the independence of independent non-executive directors;
- (V) to review the structure, size and composition of the board of directors (including relevant skills, knowledge and experience possessed by the directors) at least annually and make recommendations to the board of directors regarding any proposed changes to be made to the board of directors to align with the Company's operational strategy;
- (VI) to make recommendations regarding the structure of board committees and selection and appointment of committee members based on the business operation, scale of assets and resources and shareholding structure of the Company;
- (VII) to extensively search for qualified candidates for directors and senior management, and make recommendations to the board of directors regarding any selection and nomination of candidates for directors and senior management;
- (VIII) to evaluate the performance of directors and make recommendations regarding replacement, reappointment or succession of directors (including the chairperson of the board of directors and the chief executive officer (if any)) based on the results of such evaluation;
- (IX) to formulate and, where appropriate, review and implement the board diversity policy adopted by the Board from time to time, and to disclose the policy and a summary thereof in the corporate governance report;
- (X) to consider other matters authorized by the board of directors; and
- (XI) other matters required under applicable laws and administrative regulations, the GEM Listing Rules, other securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If the board of directors does not adopt or does not fully adopt the recommendations of the Nomination Committee, it shall record the opinions of the Nomination Committee and the specific reasons for non-adoption in the board resolutions and make disclosure accordingly.

Article 9 The Nomination Committee shall be accountable to the board of directors. Proposals falling within the scope of duties of the Nomination Committee shall be submitted to the board of directors for consideration and approval after first being reviewed and approved by the Nomination Committee.

Article 10 Where the board of directors proposes to elect a person as an independent non-executive director at a general meeting, the circular to shareholders and/or explanatory statement accompanying the notice of general meeting shall set out:

- (I) the process of selecting the person to be an independent non-executive director of the Company and the reasons why the board of directors believes such person should be elected and considers such person to be independent;
- (II) if the proposed independent non-executive director will hold directorships in seven (or more) listed companies, the reasons why the board of directors believes such person will still be able to devote sufficient time to discharge his or her duties;
- (III) the perspectives, skills and experience that such person can bring to the board; and
- (IV) how such person contributes to board diversity.

Article 11 Members of the Nomination Committee shall have the following rights and obligations:

- (I) to attend meetings of the Nomination Committee on time, to express views and to exercise voting rights in respect of the proposals considered at such meetings;
- (II) to propose matters for discussion at meetings of Nomination Committee;
- (III) to attend or observe relevant meetings of the Company and conduct investigations and obtain necessary reports, documents and information in discharging their duties as members of the Nomination Committee;
- (IV) to fully understand the duties of the Nomination Committee and their own responsibilities as a member therein, and to be familiar with the Company's operational management, business activities and development, ensuring that members possess the relevant capability to fulfill their duties as member of Nomination Committee;
- (V) to devote sufficient time and energy to perform their duties; and
- (VI) other duties required under applicable laws, regulations, the GEM Listing Rules, other securities regulatory rules of the place where the shares of the Company are listed and these terms of reference.

Chapter 4 Decision-making Process

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

- (I) the Nomination Committee shall actively communicate with the relevant departments of the Company to study the demand of the Company for new directors and senior management and to record the result in writing;
- (II) the Nomination Committee may extensively search for candidates for directors and senior management within the Company and its controlling (investee) enterprises as well as in the labor market;
- (III) the Nomination Committee shall gather information about the occupation, education background, job title, detailed information in relation to the work experience and all the part-time positions of the preliminary proposed candidates, and to formulate written materials thereon;
- (IV) a proposed candidate shall not be deemed to be a candidate for director or senior management unless his or her consent to nomination has been obtained;
- (V) the Nomination Committee shall convene a Nomination Committee meeting to review the qualifications of the candidates in accordance with the requirements for directors and senior management;
- (VI) the Nomination Committee shall make suggestion and submit relevant materials to the board of directors regarding the candidates for the director and senior management position one to two months prior to the election of new directors and appointment of new senior management; and
- (VII) the Nomination Committee shall carry out other follow-up work according to the decision of and feedback from the board of directors.

Chapter 5 Rules of Procedures

Article 13 The Nomination Committee shall convene meetings from time to time as necessary. A meeting shall be convened if:

- (I) the board of directors considers it necessary;
- (II) the Chairperson considers it necessary; or
- (III) two or more members propose to convene a meeting.

- Article 14 A notice shall be given to all members three days before the date of a meeting of the Nomination Committee. The notice shall include the form, time, venue, duration, agenda, time of issuance of the notice and relevant materials. Notice may be delivered by hand, mail, email or facsimile etc. In urgent circumstances where a meeting needs to be convened as soon as possible, notice may be given at any time by telephone or other oral means, provided that the chairman shall make an explanation at the meeting. Upon receipt of the notice of meeting, members of the Nomination Committee shall promptly confirm and provide feedback by appropriate means (including but not limited to attendance and travel arrangements).
- Article 15 Meetings of the Nomination Committee shall be chaired by the Chairman of the Nomination Committee. Where the Chairman of the Nomination Committee is unable to chair a meeting, he or she may designate another independent non-executive director member to chair the meeting, or a member shall be elected by more than half of the members present at the meeting to chair the meeting.
- Article 16 The quorum of a meeting of the Nomination Committee shall be not less than two-thirds of the members. Each member shall have one vote. A resolution of the meeting must be passed by more than half of all the members of the Nomination Committee. Voting at meetings of the Nomination Committee shall be conducted by way of poll. Provided that members of the Nomination Committee can fully express their opinions, resolutions may also be made by way of communication voting and shall be signed by the participating members.
- Article 17 The meetings of the Nomination Committee may be held by way of physical meeting, telephone conference, video conference, circulation of documents, facsimile, email or other appropriate means.
- Article 18 The Nomination Committee may invite directors, supervisors and other senior management of the Company to attend its meetings if necessary, while only members of the Nomination Committee can vote at the meetings of the Nomination Committee.
- Article 19 The Nomination Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making at the cost of the Company.
- Article 20 Where a member of the Nomination Committee has a direct or indirect interest in a matter discussed at a meeting, such member shall abstain from voting.
- Article 21 The procedures for convening of a meeting of the Nomination Committee, its voting methods and resolutions to be passed at such meeting must comply with the provisions of relevant laws, regulations, the GEM Listing Rules, other securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association and these terms of reference.

- Article 22 The Nomination Committee shall keep minutes of the meetings. Members present at the meetings shall sign the minutes of the meetings that shall be kept for at least 10 years by the secretary of the board of directors of the Company or the secretary of the Nomination Committee for the directors to review. The draft and the final version of the minutes shall be delivered to all members of the Nomination Committee within a reasonable period of time after the meeting. The draft is for expressing opinion among the members and the final version is for record keeping.
- Article 23 Resolutions passed and voting results at a meeting of the Nomination Committee shall be reported in writing to the board of directors of the Company.
- Article 24 Members of the Nomination Committee attended and all other persons present at a meeting shall keep confidential all matters discussed at the meeting and shall not disclose such information without authorization.

Chapter 6 Supplementary Provisions

- Article 25 If any provisions of these terms of reference are inconsistent with national laws, regulations, rules, the GEM Listing Rules, other securities regulatory rules of the places where the shares of the Company are listed or the Articles of Association as amended from time to time, such national laws, regulations, rules, the GEM Listing Rules, other securities regulatory rules of the places where the shares of the Company are listed and the Articles of Association shall prevail.
- Article 26 The terms “not less than”, “within” and “not exceeding” as used herein shall include the number itself; the terms “less than”, “excluding”, “below”, “more than” and “exceeding” shall exclude the number itself.
- Article 27 These terms of reference shall be interpreted by the board of directors.
- Article 28 These terms of reference shall be approved by the general meeting of the Company and shall take effect from the date of the Company’s overseas initial public offering of H Shares and listing on the GEM of The Stock Exchange of Hong Kong Limited.