

Zhejiang Shibao Company Limited

(the “Company”)

Terms of Reference of Nomination Committee

1. Membership

- 1.1 Members of the nomination committee (the “**Committee**”) shall be appointed by the board of directors (the “**Board**”). The Committee shall have at least three (3) directors.
- 1.2 The Committee members shall be nominated by the chairman of the Company or nominated jointly by more than one-third of the Board members, and shall be appointed by more than half of the votes of all Board members.
- 1.3 A majority of the members of the Committee shall be independent non-executive director (the “**INED**”).
- 1.4 The chairman of the Committee shall be acted by an INED who shall be appointed by the Board.
- 1.5 The company secretary of the Company shall serve as the secretary of the Committee.

2. Authority

- 2.1 The Committee shall be responsible to the Board. The Committee shall submit its proposals to the Board for review and approval.
- 2.2 The Committee shall have the right to consult external independent professional opinion, and invite external parties with the relevant experience and expertise to attend meetings, at the Company’s expense, if it considers necessary.
- 2.3 The Committee shall be provided with sufficient resources to discharge its duties.

3. Duties

The Committee shall have the following duties:

- 3.1 To study the selection standards and formality for the directors, general manager and senior management, and submit proposals to the Board.
- 3.2 To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy.

- 3.3 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.
- 3.4 To assess the independence of the INEDs.
- 3.5 To make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors (in particular the chairman of the Company and chief executive).
- 3.6 Other duties as regulated by the Company's articles of association.
- 3.7 Other matters as authorized by the Board.

4. Committee Meeting

- 4.1 The Committee shall meet at least once a year.
- 4.2 Notice of at least seven (7) days shall be given for any meeting, unless such notification is waived by all members of the Committee. Notwithstanding the notification period, the attendance of one member of the Committee at the meeting would deem the required notification requirement be waived by that member. If the follow up meeting takes place within seven (7) days after the meeting, then no notification is required for such follow up meeting.
- 4.3 A Committee meeting shall only be held when there is more than two-thirds of the members attended the meeting.
- 4.4 The resolution of the Committee shall be passed by majority votes and can be passed by way of written resolution signed by all members in writing. Meeting can be held through attendance in person, via telephone conference or via video conference.
- 4.5 Complete records of all Committee meetings shall be kept by the Committee secretary. Draft and final versions of minutes of the Committee meetings shall be sent to all Committee members for their comment and records within a reasonable time after the meeting.
- 4.6 The procedure to convene Committee meetings, means of voting and passing of resolutions at meetings shall comply with the requirements of the relevant laws, regulations, Company's articles of association and rules of procedures.

5. Publication of this Terms of Reference

- 5.1 This Terms of Reference will be posted on the websites of the Company and Hong Kong Stock Exchange.

Adopted by the Board on 12 March 2012