

Revised on 26 March 2012

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**Terms of Reference for the  
Nomination Committee of  
Zhongsheng Group Holdings Limited**

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## **Definitions**

For the purposes of these terms of reference (the *Terms*):

*Board* means the board of directors of the Company.

*Company* means Zhongsheng Group Holdings Limited

*Company Secretary* means any one of the joint company secretaries of the Company.

*Directors* means the directors of the Board.

*Group* means the Company and its subsidiaries and associated companies at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and associated companies, the present subsidiaries and associated companies of the Company or the businesses operated by its present subsidiaries and associated companies or (as the case may be) its predecessor.

*Listing Rules* means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

*Nomination Committee* means the nomination committee established by the resolution of the Board in accordance with clause 2 of these Terms.

*Senior Management* means the chairman, chief executive officer, chief operating officer, chief financial officer, vice presidents, joint company secretaries and any other officer of the Group determined by the Board from time to time as senior management of the Company.

*Shareholders* means the shareholders of the Company.

*Stock Exchange* means The Stock Exchange of Hong Kong Limited.

## **Constitution**

2. The Nomination Committee was established by resolutions of the Board on 8 May 2008.

## **Membership**

3. The members of the Nomination Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, a majority of whom should be independent non-executive Directors. A quorum shall be two members.

4. The chairman of the Nomination Committee shall be the chairman of the Board or an independent non-executive Director.

## **Meetings**

5. Meetings of the Nomination Committee shall be held not less than once a year.

6. The Company Secretary (or his / her appointed delegate) shall be the secretary of the Nomination Committee.

### **Annual General Meeting**

7. The chairman of the Nomination Committee shall attend the annual general meeting and be prepared to respond to any Shareholders' questions on the Nomination Committee's activities.

### **Authority**

8. The Nomination Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Nomination Committee.

9. The Nomination Committee is authorised by the Board to seek independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at the Company's expenses, to perform its responsibilities, if necessary. The Nomination Committee shall be provided with sufficient resources to perform its duties. The Nomination Committee should be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external consultant who advises the Nomination Committee.

### **Duties**

10. The duties of the Nomination Committee shall include:

- (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) giving full consideration to succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future;
- (c) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;
- (d) assessing the independence of independent non-executive Directors;
- (e) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive. Before appointments are made by the Board, evaluating the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation preparing a description of the role and capabilities required for a particular appointment. In identifying suitable

candidates, the Nomination Committee shall (where applicable and appropriate):

- (i) use open advertising or the services of external advisers to facilitate the search;
  - (ii) consider candidates from a wide range of backgrounds; and
  - (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.
- (f) keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (g) keeping up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (h) reviewing annually the time required from non-executive Directors. Performance evaluations should be used to assess whether the non-executive Directors are spending enough time in fulfilling their duties;
- (i) ensuring that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings; and
- (j) performing any other duty prescribed by law, regulation and rules, as amended from time to time, which set forth obligations for the Company to comply with.

11. The Nomination Committee shall also make recommendations to the Board concerning:

- (a) formulating plans for succession for both executive and non-executive Directors;
- (b) suitable candidates for the role of independent non-executive Directors;
- (c) membership of the Company's audit and remuneration committees, in consultation with the chairmen of those committees;
- (d) the re-appointment of any non-executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- (e) the continuation (or not) in service of any Director who has reached the age of 70;
- (f) the re-election by shareholders of any Director under the "retirement by rotation" provisions in the Company's Articles of Association having due

regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

- (g) any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an employee of the Company subject to the provisions of the law and their service contract; and
- (h) the appointment of any Director to executive or other office, the recommendation for which would be considered at a meeting of the full board.

### **Reporting procedures**

12. Full minutes of the Nomination Committee's meetings should be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary or his/her appointed delegate), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.

Minutes of meetings of the Nomination Committee shall record in sufficient detail the matters considered by the Nomination Committee and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes should be sent to all members of the Nomination Committee for their comment and records respectively within a reasonable time after such meetings.

13. Without prejudice to the generality of the duties of the Nomination Committee set out above, the Nomination Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

14. The Nomination Committee shall make a statement in the annual report about its activities, the process used to make appointments and explain whether external advice and/or open advertising was used.

### **Terms available**

15. The Nomination Committee shall make available these Terms explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange's website and the Company's website.