



ZHONG FA ZHAN HOLDINGS LIMITED

中發展控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 475)

Terms of Reference of the Nomination Committee

(Approved and adopted on 24 October 2006

Last revised on 21 June 2013)

1. Constitution

- 1.1 The Board resolved to establish a Committee of the Board known as the Nomination Committee on 24 October 2006.

2. Membership

- 2.1 The Nomination Committee shall be appointed by the Board and will comprise of a minimum of two members. The majority of Nomination Committee members shall be independent non-executive directors of the Company.

3. Chairman

- 3.1 The Board shall appoint the chairman of the Nomination Committee who has the responsibility of liaising with the Board. The Nomination Committee shall be chaired by the chairman of the board or an independent non-executive director.
- 3.2 The chairman of the Nomination Committee shall chair the meetings of the Nomination Committee.
- 3.3 In the absence of the chairman of the Nomination Committee, the remaining members present shall elect one of themselves to chair the meetings of the Nomination Committee.

4. Quorum and voting of meetings

- 4.1 The quorum necessary for the transaction of business shall be two members. If only two members are in attendance, then both members shall be independent non-executive Directors. If more than two members are in attendance, then a majority of the members shall be independent non-executive Directors.
- 4.2 Questions arising in any meetings shall be decided by a simple majority of votes.

5. Attendance at meetings

- 5.1 The Nomination Committee members may attend meetings of the Nomination Committee either in person or through other electronic means of communication (if made available by the Company). Should any member of the Nomination Committee wish to attend a meeting through electronic communications, prior arrangements shall be made with the secretary of the Nomination Committee.
- 5.2 The Chairman of the Board shall be in attendance with other senior management, if deemed appropriate and invited by the Nomination Committee.
- 5.3 The Company Secretary shall be the secretary of the Nomination Committee.

6. Frequency of meetings

- 6.1 The Nomination Committee shall meet at such times as the chairman of the Nomination Committee shall require.
- 6.2 Any member of the Nomination Committee may request a meeting if he/she considers that one is necessary.

7. Notices of meetings

- 7.1 Meetings of the Nomination Committee shall be summoned by the secretary of the Nomination Committee at the request of any of its members.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the Nomination Committee, and to any other person required to attend:
- 7.2.1 in relation to all regular meetings of the Nomination Committee, at least 14 days before the date of the meeting; and
- 7.2.2 in relation to all other meetings of the Nomination Committee, within a reasonable time prior to the date of the meeting.

- 7.3 An agenda of items to be discussed, together with supporting papers, shall be sent to Nomination Committee members and to other attendees within a reasonable period of time prior to the date of the meeting.
- 7.4 Any member of the Nomination Committee shall be entitled, by notice to the secretary of the Nomination Committee, to include other matters relevant to the functions of the Nomination Committee in the agenda of a Nomination Committee meeting.

8. Minutes of meetings

- 8.1 The secretary of the Nomination Committee (or his/her delegate) in attendance at the meetings of the Nomination Committee shall minute in sufficient detail the proceedings and resolutions of all such meetings, including the names of those present and in attendance. The minutes should also include any concerns raised by any member of the Nomination Committee and/or dissenting views expressed.
- 8.2 The secretary of the Nomination Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant member of the Nomination Committee shall not be counted towards the quorum and he/she must abstain from voting on any resolution of the Nomination Committee in which he/she and/or his/her associates have a material interest.
- 8.3 Draft and final versions of minutes of the Nomination Committee meetings shall be sent to all Nomination Committee members for their comments and records respectively, in both cases within a reasonable time after the meeting. Once they are agreed, the secretary of the Nomination Committee shall circulate the minutes, and reports of the Nomination Committee, to all members of the Board.
- 8.4 Minutes of the Nomination Committee meetings shall be kept by the secretary of the Nomination Committee and shall be available for inspection by any member of the Nomination Committee and/or any Director of the Company at any reasonable time on reasonable notice.

9. Annual general meeting

- 9.1 The chairman of the Nomination Committee shall endeavour to attend the annual general meetings of the Company and be prepared to respond to any Shareholder questions on the Nomination Committee's activities.
- 9.2 If the chairman of the Nomination Committee is unable to attend an annual general meeting of the Company, he shall arrange for another member of the Nomination Committee or, failing this, his duly appointed delegate, to attend in his place. Such person shall be prepared to respond to any Shareholder questions on the Nomination Committee's activities.

10. Reporting responsibilities

- 10.1 The chairman of the Nomination Committee shall report formally to the Board on proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Nomination Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Nomination Committee shall, with the assistance of the secretary of the Nomination Committee, compile a report to Shareholders on its role and activities to be included in the Company's Corporate Governance Report.

11. Authority

- 11.1 The Nomination Committee is authorized by the Board:
 - 11.1.1 to make full use of intermediary agencies for identifying qualified director candidates at the Company's expense; and
 - 11.1.2 to conduct interviews with prospective candidates for nomination.

12. Duties

The Nomination Committee shall be responsible for:-

- 12.1 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;
- 12.2 identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships;
- 12.3 assessing the independence of independent non-executive Directors;
- 12.4 making recommendations to the Board the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

13. Others

- 13.1 The Nomination Committee shall have access to sufficient resources in order to discharge its duties. In the event that the Nomination Committee determines that it has insufficient resources, it may make a request for additional resources to the Board through the Company Secretary.

- 13.2 All members of the Nomination Committee shall have access to the advice and services of the secretary of the Nomination Committee with a view to ensuring that procedures of the Nomination Committee and all applicable rules and regulations are followed.
- 13.3 Any member of the Nomination Committee may require access to outside legal or other independent professional advice in connection with his/her duties at the Company's expense. All such requests shall be processed in accordance with the Company's procedures for seeking independent professional advice by Directors.
- 13.4 Every member of the Nomination Committee shall give sufficient time and attention to his/her duties as a member of the Nomination Committee. He/she shall give the Company the benefit of his skills and expertise through regular attendance and active participation.

Note: In the event of inconsistency, the English texts of the terms of reference of the nomination committee shall prevail over the Chinese texts thereof.