

**CHINA VANGUARD GROUP LIMITED**  
**(“Company”)**

**TERMS OF REFERENCE**  
**OF**  
**NOMINATION COMMITTEE**  
**(“Committee”)**

**(Adopted by the board of directors of the Company on 25 May 2012 and  
revised on 14 May 2014)**

**Principle**

This Committee is established under the board of directors (“**Board**”) of the Company pursuant to the requirement of the Rules (“**Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purposes of establishing a director nomination system of the Company and improving the succession planning of directors.

**Membership**

1. The Committee shall consist of not less than three members appointed by the Board, a major of whom shall be Independent Non-executive Directors. Any Committee member who resigns as a director of the Company shall become disqualified as the member of the Committee, and the Board shall appoint new member to fill the vacancy.
2. The Chairman of the Board shall act as the chairman of the Committee. The Committee has the same term as the Board. Member of the Committee is eligible to be re-appointed upon expiry term.

**Frequency and proceedings of meetings**

3. The Committee should meet at least once a year. Additional meetings should be held as the work of the Committee demands. The Chairman of the Committee may convene additional meetings at his discretion.
4. Meetings should be conducted formally, agenda and relevant supporting materials should be distributed in advance, and meetings minutes should be compiled. The quorum for a meeting shall be two members. If members cannot attend the Committee’s meeting in person, members can take part in the meeting by telephone, video conferencing or through any other electronic medium (if any) and will be treated as attendance in person.
5. The Company Secretary shall act as the secretary of the Committee. The Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Committee.

**Authority**

6. The Committee is empowered by the Board to perform its duties under the terms of reference.
7. Every Committee member is entitled to one vote. A resolution shall be passed by a simple majority of votes.

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8. The Committee is to be provided with sufficient resources to discharge its duties and is authorized by the Board to obtain outside legal or other independent professional advice at the Company’s expense. If necessary, external parties with relevant experience and professional knowledge can be invited to attend the meetings.

**Duties**

9. The duties of the Committee include the following:
- (a) formulating nomination policy for the Board’s consideration and implementing the Board’s approval nomination policy;
  - (b) without prejudice to the generality of the foregoing:
    - (i) reviewing the structure, size and composition (including the skills, knowledge, experience and length of services) of the Board at least once every year, and making any proposed changes to the Board according to the Company’s corporate strategy;
    - (ii) identifying and nominating candidates to the Board for it to recommend to Shareholders for election as directors. Sufficient biographical details of nominated candidates shall be provided to the Board and Shareholders to enable them to make an informed decision;
    - (iii) considering the development targets and strategies of the Company and the skill mix needed in respect of the Board, and making recommendations to the Board;
    - (iv) identifying and nominating candidates to fill casual vacancies of directors for the Board’s approval;
    - (v) assessing the independence of Independent Non-Executive Directors and reviewing the Independent Non-Executive Directors’ annual confirmation on their independence; and making disclosure of its review results in the Corporate Governance Report;
    - (vi) reviewing the policy on diversity of Board members (the “Board Diversity Policy”) as appropriate; reviewing the measurable objectives that the Board has set from time to time for implementing the Board Diversity Policy, and the progress on achieving the objectives; and making the relevant disclosure of its review results in the Corporate Governance Report;

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- (vii) reviewing the time required from a director to perform his responsibilities regularly;
- (viii) 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 Officer;
- (ix) doing any such things to enable the Committee to discharge its powers and functions conferred on it by the Board. Also, upon invitation by the Chairman of the Board, the Committee’s Chairman or when he is absent, another Committee member or his authorized representative, will answer questions at the Company’s annual general meeting;
- (x) the committee is subordinate and accountable to the Board. The Board has the ultimate right to decide whether to adopt the Committee’s recommendation;
- (xi) conforming to any requirements, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company’s constitution or imposed by legislation;

**Reporting Procedures**

- 10. Full minutes of the Committee meeting should be kept by a duly appointed secretary of the Committee. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and records within a reasonable time after the meeting.
- 11. the Committee shall report to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.

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