

PERFECT GROUP INTERNATIONAL HOLDINGS LIMITED

保發集團國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(the “**Company**”)

(**Stock code: 3326**)

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE ADOPTED BY THE BOARD ON 14 DECEMBER 2015

1. Membership

- (a) The nomination committee (the “**Committee**”) shall be appointed by the board (the “**Board**”) of directors (the “**Directors**”) of the Company and shall consist of not less than three (3) members, a majority of whom shall be independent non-executive Directors (“**INED(s)**”). The constitution of the Committee shall comply with the requirements of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as amended from time to time.
- (b) The Chairman of the Committee shall be the chairman of the Board or an INED.

2. Attendance at Meetings

- (a) INEDs and other non-executive Directors, as equal Board members, should give the Committee on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.
- (b) For regular Committee meetings, and as far as practicable in all other cases, an agenda and accompanying papers should be sent, in full, to all Directors. These should be sent in a timely manner and at least three (3) days before the intended date of the Committee meeting (or other agreed period).
- (c) At all times the members of the Committee shall be notified of and be invited to all meetings of the Committee and may attend all the meetings of the Committee.
- (d) The quorum of a meeting of the Committee shall be three (3) members of the Committee, of whom at least two shall be INEDs.
- (e) The Committee may, if necessary, invite other advisors to attend the meetings of the Committee, including but not limited to lawyers, external professional advisors or consultants to advise its members.
- (f) The secretary to the Company shall be the secretary to the Committee who shall attend all meetings of the Committee.

- (g) Members of the Committee may participate in a meeting of the Committee by means of a conference telephone or other communications equipment through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

3. Frequency and Proceedings of Meetings

- (a) Meetings shall be held not less than once a year. The Chairman of the Committee or any two (2) members of the Committee may request a meeting if he/she/they consider(s) necessary. Meetings of the Committee shall be arranged by the secretary to the Committee upon instruction of the Chairman of the Committee.
- (b) Unless otherwise agreed by all the members of the Committee, a meeting shall only be called with at least seven (7) days' prior notice.

4. Committee's Resolutions

- (a) A resolution in writing signed by all the members of the Committee shall be as valid and effective as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the members of Committee. Such resolution may be signed and circulated by facsimile or other forms of electronic communications. This provision is without prejudice to any requirement under the Listing Rules for a meeting of the Board or Committee to be held.
- (b) Minutes of meetings of the Committee should be kept by the secretary to the Committee and should be open for inspection at any reasonable time on reasonable notice by any Director.
- (c) Minutes of meetings of the Committee should record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed.

5. Purpose and Authorities

- (a) The purpose of the establishment of the Committee is to enable the Company to have a more formal, considered and transparent procedure for the appointment of new Directors to the Board and to have plans in place for orderly succession for appointments to the Board.
- (b) The Committee is authorised by the Board to review, assess and make recommendations on any issue in these terms of reference of the Committee.
- (c) The Committee should make available these terms of reference, 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.

- (d) The Company should provide the Committee sufficient resources to perform its duties. Where necessary, the Committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.
- (e) Management has an obligation to supply the Committee with adequate information, in a timely manner, to enable it to make informed decisions. The information supplied must be complete and reliable. To fulfil his/her duties properly, a member of the Committee may not, in all circumstances, be able to rely purely on information provided voluntarily by management and he/she may need to make further enquiries. Where any member of the Committee requires more information than is volunteered by management, he/she should make further enquiries where necessary. So, the Committee and the members of the Committee should have separate and independent access to the Company's senior management.
- (f) The Board should not delegate matters to the Committee to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

6. Power and Duties

The power and duties of the Committee shall be:

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) 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;
- (c) to assess the independence of INEDs;
- (d) to make 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; and
- (e) to review the board diversity policy as appropriate and to review the measurable objectives under the board diversity policy and the progress of the attainment of the objectives, so as to ensure effective implementation; and make disclosure of its review results in the corporate governance report.

7. Reporting Procedures

- (a) The Committee should report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
- (b) Where the Board proposes a resolution to elect an individual as an INED at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he/she should be elected and the reasons why they consider him/her to be independent.
- (c) The Committee should have a policy concerning diversity of Board members, and should disclose the policy or a summary of the policy in the corporate governance report.
- (d) The chairman of the Board should invite the chairman of the Committee to attend the annual general meeting. In his/her absence, the chairman of the Board should invite another member of the Committee or failing this his/her duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

8. Revision of the terms of reference

These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the Listing Rules) in Hong Kong.