



HENGXIN TECHNOLOGY LTD.
亨鑫科技有限公司*
(the “Company”)

**AMENDED AND RESTATED
TERMS OF REFERENCE OF
NOMINATION COMMITTEE**

1. CONSTITUTION

The Nomination Committee (“NC”) has been established by a resolution of the Board of Directors (the “Board”) passed on 2 May 2006.

2. ROLES AND FUNCTIONS

2.1 To implement a formal, transparent and objective procedure for appointing Board members and evaluating each Board member’s performance.

To achieve this objective, the functions of the NC shall be:

- (i) To establish procedures for and make recommendations to the Board on all board appointments and re-appointments (particularly for the Chairman and the chief executive) and make recommendations to the Board regarding the succession plans.
- (ii) In respect of re-nominations, to have regard to the Director’s contribution and performance (eg. attendance, preparedness and participation) including, if applicable, as an independent Director.
- (iii) To review the Board’s structure, number of members and composition (including diversity in members’ skills, knowledge, experience and perspectives) at least annually and make recommendation on any proposed changes to the board to complement the Company’s corporate strategy.
- (iv) Where a Director has multiple board representations, to decide whether the Director is able to and has been adequately carrying out his duties as director.
- (v) To determine annually whether a Director is independent.

* For identification purpose only

- (vi) To establish procedures for evaluation of Board's performance and assess the effectiveness of the Board as a whole, propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value.
 - (vii) To identify gaps in the mix of skills, experience and other qualities required in an effective Board and nominate or recommend suitable candidate(s) to fill these gaps.
 - (viii) 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.
 - (ix) To ensure that all Board appointees undergo an appropriate induction programme.
 - (x) To formulate nomination policy for the Board's consideration and implement the Board's approved nomination policy.
- 2.2 To provide clear disclosure of the Company's policies on nomination and evaluation of Board members in its annual report.

To achieve this objective, the NC should review the statements made relating to such matters in the annual report.

- 2.3 To review the policy on Board diversity (the "**Board Diversity Policy**") from time to time and to disclose the Board Diversity Policy or a summary of the policy in the corporate governance report of the Company.

3. APPOINTMENT

- 3.1 The NC shall be appointed by the Board from amongst its members. The NC shall comprise not less than three (3) members, a majority of whom shall be independent non-executive directors. At least one (1) member of the NC should have broad business experience, business network, knowledge of the procedure of the Company and its subsidiaries as well as commitment and available time, and if there is a need, expert professional advice may be obtained internally or from appropriate external advisers.
- 3.2 The Chairman shall be elected by the Board and shall either be the Board Chairman or an independent non-executive director. The members may determine the period for which the Chairman is to hold office.
- 3.3 If a member, for any reason, ceases to be a member, the Board shall within three (3) months of that event, appoint a new member having such qualifications so that the number of members does not fall below three (3).

3.4 A member who wishes to retire or resign from the NC shall notify the Board in writing, giving at least one (1) month's notice.

3.5 The office of a member shall become vacant upon the member's resignation or retirement or removal or disqualification as a Director of the Company.

4. ADMINISTRATION

4.1 Meetings

- (i) The meetings of the NC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting provided that all decisions made are confirmed in writing by all members who participated in the said telecommunication discussion.
- (ii) The NC shall hold at least one (1) meeting per year (or any other number requested by other regulatory organizations applicable to the Company). NC meeting shall be convened and chaired by the Chairman. Special meetings may be called, when necessary, by any member of the NC or the Secretary of the NC.
- (iii) The Chairman of the NC, failing whom a member of the NC, shall preside at each meeting. If any meeting the Chairman of the NC or the nominated Chairman of meeting is not present within 10 minutes after the time appointed for holding the meeting, the members present may choose another member of the NC to act as the Chairman of the meeting.
- (iv) The NC shall have full discretion with regard to the calling of the meetings and the proceedings thereat and may invite any director or management or professionals, consulting organization or senior management officers to their meetings. The Company shall pay any fee reasonably incurred in the invitation of professionals.
- (v) The Company Secretary, failing whom his/her representative, shall be the Secretary for all meetings of the NC. The minutes of meeting shall be prepared by the Company Secretary in first draft of minutes shall be circulated to NC's members for comment within a reasonable time after the meeting. The final draft shall be confirmed by the Chairman of the meeting and circulated to all members of the NC. The minutes are to be signed by the Chairman of the meeting or by the Chairman of the next succeeding meeting.
- (vi) The minutes of proceedings of and resolutions passed at meetings of the NC shall be kept by the Secretary of the NC.

(vii) NC should nominate at least one (1) member to attend the AGM so as to answer shareholders' questions regarding directors' appointment and the nomination policy.

(viii) NC should provide the Board with information relating to the corporate structuring work required by the SEHK or any other applicable regulatory organization.

4.2 Notice

The notice of each meeting of the NC, confirming the venue, time, date and agenda and providing all relevant documents shall other than under exceptional circumstances, be forwarded to each member of the NC as and when practicable prior to the date of the meeting.

4.3 Quorum

The quorum shall be two (2) members, including at least one independent non-executive director.

4.4 Voting

Each member present shall have one vote. All matters to be resolved at any meeting of the NC shall be decided by a majority of votes of the NC members present and voting (the decision of the NC shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration). In the event of a deadlock, the Chairman of the meeting shall have a casting vote.

4.5 Written resolutions

A resolution in writing signed by all the members of the NC shall be as valid and effectual as if it had been passed at a meeting of the NC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members. The expressions "in writing" and signed include approvals by facsimile, telex, cable or telegram.

4.6 Reporting

The Chairman of the NC shall report on the proceedings of the NC to the Board by way of submission of minutes of the NC meetings or by such other mode as the Chairman shall in their discretion deem fit.

4.7 Independent Professional Advice

The NC is authorised by the Board to obtain independent professional advice at the Company's expense whenever deemed necessary.

5. UPDATE OF TERMS OF REFERENCE

- 5.1 These Terms of Reference of the NC have been drawn up in compliance with the applicable statutory and regulatory requirements of Hong Kong for the time being in force, in particular, the listing rules of the Stock Exchange of Hong Kong Limited (SEHK).
- 5.2 The Terms of Reference shall be approved by the Board. The NC shall review and re-assess the adequacy of these Terms of Reference in accordance with the listing rules of SEHK and any required revisions will be approved by the Board. Any amendment, revision or deletion of the Terms of Reference shall not affect the validity of resolutions or actions taken by NC before such amendment, revision or deletion.
- 5.3 Anything not mentioned in this Terms of Reference but stated in the Articles of Association of the Company shall be governed by the Articles of Association.