

**Quali-Smart Holdings Limited**  
**滙達富控股有限公司\***

**Terms of reference of  
the Nomination Committee of the Board of Directors**

*\* For identification purpose only*

# **Quali-Smart Holdings Limited** **("Company")**

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## **Terms of reference of the Nomination Committee ("NC") of the Board of Directors ("Board") of the Company**

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### **1. Membership**

- 1.1 The NC shall comprise not less than three members to be appointed by the Board, the majority of whom should be independent non-executive directors.
- 1.2 The Board shall appoint the chairman of the NC who should be one of the independent non-executive directors sitting on the NC. In the absence of the chairman of the NC or an appointed deputy, the remaining members present shall elect one of them to chair the meeting. For the avoidance of doubt, the chairman of the Board shall not chair the meeting of the NC when it is dealing with the succession of chairmanship.
- 1.3 Only members of the NC have the right to attend the NC meetings. However, any director, executive or other person may be invited to attend the meetings when the NC considers that their attendance can assist it to discharge its duties.

### **2. Frequency and proceedings of meetings**

- 2.1 The NC shall meet at least once a year.
- 2.2 The quorum for meetings of the NC shall be of two members. A duly convened meeting of the NC at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in the NC.
- 2.3 NC members may pass resolutions by way of written resolutions, but such must be passed by all NC members in writing.

### **3. Secretary**

- 3.1 The company secretary of the Company or his nominee shall act as the secretary of the NC.

### **4. Notice of Meetings**

- 4.1 Meetings of the NC shall be convened by the chairman of the NC.
- 4.2 Unless otherwise agreed, notice of each meeting setting out the venue, time and date together with the agenda of items to be discussed, shall be forwarded to each of the members of the NC and any other person required to attend at least three days before the intended meeting date.
- 4.3 A NC member may or, on the request of a NC member, the secretary to the NC shall, at any time summon a NC meeting. Notice shall be given to each NC member in person orally or in writing or by telephone or by email or by facsimile transmission at the telephone or facsimile or address or email address from time to time notified to the secretary by such NC member or in such other manner as the NC members may from time to time determine.
- 4.4 Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting.

**5. Minutes of the Meetings**

- 5.1 Minutes of the NC meetings shall record in sufficient detail the matters considered in the meetings and decisions reached, including any concerns raised and dissenting views expressed. Draft and final versions of minutes of the meetings should be sent to all NC members for their comments and records as soon as practicable after the meeting and unless there is a conflict of interest, to all other members of the Board.
- 5.2 The secretary of the NC shall keep the minutes and resolutions passed at the NC meetings and they should be open for inspection at any reasonable time on reasonable notice by any director save when there is a conflict of interest.

**6. Annual General Meeting**

- 6.1 The chairman of the NC shall attend (or in his/her absence, appoint another member of the committee or failing this his/her duly appointed delegate, to attend) the Annual General Meeting of the Company and be prepared to respond to shareholders' questions on the activities of the NC.

**7. Duties**

- 7.1 The NC shall:

- 7.1.1 review the structure, size and composition (including the skills, knowledge and diversity, including but not limited to gender, age, cultural and educational background and professional experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- 7.1.2 identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; having due regard to the Board Diversity Policy and the Procedures for Nomination for Appointment as Director;
- 7.1.3 to develop and maintain a policy for the nomination of Board members which includes the nomination procedures and the process and criteria adopted by the Committee to identify, select and recommend candidates for directorship during the year, and to review periodically and disclose in the corporate governance report annually and the progress made towards achieving the objectives set in the policy. The Committee should ensure that the selection process is transparent and fair, and that it considers a board range of candidates who are outside the Board's circle of contacts and in accordance with the Company's diversity policy;
- 7.1.4 assess the independence of independent non-executive directors;
- 7.1.5 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;
- 7.1.6 make recommendations to the Board on the membership of Board committees e.g. Audit Committee and Remuneration Committee, in consultation with the chairman of the Board and the chairmen of such committees, as appropriate;
- 7.1.7 before recommending an appointment, evaluate the balance of skills, knowledge, experience and diversity of perspective on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the NC shall:
- (a) use such method or methods to facilitate the search as it may deem appropriate;
  - (b) consider candidates from a wide range of backgrounds; and
  - (c) consider candidates on merit and against objective criteria, taking care that candidates have enough time available to devote to the position;
- 7.1.8 make recommendations to the Board on 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 law and their service contracts;

- 7.1.9 keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- 7.1.10 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 7.1.11 in respect of any proposed service contracts to be entered into by any members of the group with its director or proposed director, which require the prior approval of the shareholders of the Company at general meeting under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting: (a) the process used for identifying the candidate and why the Board believes the candidate should be elected and the reasons why it considers the candidate to be independent; (b) if the proposed INED will holding their seventh (or more) listed company directorship, the reason the board believes the candidate would still be able to devote sufficient time to the Board; (c) the perspectives, skills and experience that the candidate can bring to the Board; and (d) how the candidate can contribute to the diversity of the Board.;
- 7.1.12 review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- 7.1.13 ensure 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
- 7.1.14 conduct exit interviews with any Director upon their resignation in order to ascertain the reasons for his departure.

## **8. Reporting Responsibilities**

- 8.1 The NC chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 The NC shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The NC shall provide to the Board all the information set out in paragraph L of Appendix 14 to the Listing Rules, to enable the Company to prepare the corporate governance report in its annual report in compliance with such Appendix14.

## **9. Authority**

- 9.1 The NC is authorized to seek any information it reasonably requires from any employee of the Company in order to perform its duties.
- 9.2 Where necessary, the NC should seek independent professional advice, at the Company’s expense, to perform its responsibilities.
- 9.3 The Company should provide the NC with sufficient resources to perform its duties.

**10. Other**

- 10.1 The NC shall review annually its terms of reference, performance and constitution and recommend any changes it considers necessary to the Board for approval.

Amended in March 2019, Hong Kong

(c.f. Guidance Note – a practical guide to good corporate governance published by The Hong Kong Institute of Chartered Secretaries (December 2006))