

CAPXON INTERNATIONAL ELECTRONIC COMPANY LIMITED
凱普松國際電子有限公司

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

1. Constitution

The board of directors (the “**Board**”) of **Capxon International Electronic Company Limited** (the “**Company**” and together with its subsidiaries, the “**Group**”) resolved to establish on 1 April 2012 a Committee of the Board known as the Nomination Committee (the “**Committee**”).

2. Membership

- (a) The members of the Committee shall be appointed by the Board from amongst the directors of the Company from time to time and shall consist of not less than five members.
- (b) The majority of the Committee members must be independent non-executive directors. The chairman of the Board shall be a member of the Committee. The quorum of a meeting shall be two members of the Committee, of which at least one should be independent non-executive director.

3. Chairman

The chairman of the Committee, who must be the chairman of the Board or an independent non-executive director, shall be appointed by the Board. In the absence of the chairman of the Committee and/or an appointed deputy at any meeting of the Committee, the members present may appoint a chairman for that meeting.

4. Attendance at meetings

The Committee may, from time to time, invite advisors with relevant experience and expertise to the meeting to advise its members. The chief executive officer and the chief financial officer, if requested, shall attend meetings of the Committee. Other Board members shall also have the right of attendance.

5. Secretary

The Committee shall appoint a person, who need not be a director, to act as the secretary of the Committee.

6. Frequency of meetings

- (a) The Committee shall meet at least once every year. Additional meetings shall be convened as required.
- (b) The chairman of the Committee may convene additional meetings at his discretion.

7. Proceedings of meetings

Proceedings of meetings of the Committee shall be governed by the relevant provisions of the articles of association of the Company for regulating the meetings and proceedings of the directors so far as the same are applicable and are not replaced by the provisions contained in these terms of reference.

8. Authority

The Committee is authorized by the Board:

- (a) to review, assess and make recommendations upon any issue within its terms of reference;
- (b) to obtain independent professional advice, at the Company's expenses, to assist and/or advise the Committee on issues as it considers necessary; and
- (c) to be provided with sufficient resources to discharge its duties.

9. Duties

The duties of the Committee shall be:

- (a) to formulate nomination policy for the Board's consideration and implement the Board's approved nomination policy; and
- (b) without prejudice to the generality of the foregoing:
 - (i) 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;
 - (ii) 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;
 - (iii) to assess the independence of independent non-executive directors;
 - (iv) 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;

- (v) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- (vi) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the articles of association of the Company or imposed by legislation.

10. Other procedures

The secretary of the Committee shall circulate the minutes and records of resolutions of the Committee meetings to all members of the Committee within a reasonable time after each meeting and, once agreed, to all members of the Board.

At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report to the Board on decisions or recommendations made unless there are legal or regulatory restrictions to do so.

Note: In case of discrepancies or inconsistencies between the English and Chinese versions of these terms of reference, the English version shall prevail.