



Prosperity International Holdings (H.K.) Limited
昌興國際控股（香港）有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 803)

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE
(As adopted by the Board on 30 March 2012)

Constitution

1. The board (the “**Board**”) of directors (the “**Directors**”) of Prosperity International Holdings (H.K.) Limited (the “**Company**”) resolved to establish a committee of the Board known as the Nomination Committee on 30th March 2012 (the “**Nomination Committee**”).

Membership

2. The Nomination Committee shall be appointed by the Board and shall comprise a minimum of three members. The majority of the Nomination Committee members (the “**Members**”) shall be independent non-executive Directors. The constitution of the Remuneration Committee shall comply with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) from time to time.
3. Only Members have the right to attend meetings of the Nomination Committee. However, other individuals such as other Directors or management, the head of human resources and external advisers may be invited by the chair of the Nomination Committee to attend all or part of any meeting as and when appropriate.
4. No alternate Members can be appointed.

Chairman

5. The Board shall appoint the chairman of the Nomination Committee (the “**NC Chairman**”) who will chair the meetings of the Nomination Committee. The NC Chairman has the responsibility of liaising with the Board.
6. In the absence of the NC Chairman during a meeting of the Nomination Committee, the remaining members present at such meeting shall elect one of themselves to chair such meeting of the Nomination Committee.

Secretary

7. The company secretary of the Company shall be the secretary of the Nomination Committee (the “**Secretary**”) who should attend all meetings of the Committee.

Quorum and voting at meetings

8. The quorum necessary for the transaction of business during meetings of the Nomination Committee shall be two members. If only two Members are in attendance, both Members shall be independent non-executive Directors. If more than two Members are in attendance, a majority of the Members shall be independent non-executive Directors.
9. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and record such (if any) accordingly. Any Members ascertained by the Secretary to have any conflict of interest shall not be counted towards the quorum and he/she must abstain from voting on any resolution of the Nomination Committee in which he/she and/or his/her associates has/have a material interest.
10. Questions arising at any meetings of the Nomination Committee shall be decided by a simple majority of votes.

Attendance at meetings

11. The Members may attend meetings of the Nomination Committee either in person or through other electronic means of communication in which all persons participating in the meeting can hear each other.

Frequency of meetings

12. At least two meetings of the Nomination Committee will be held each year provided that any ad hoc meetings shall be convened as and when the NC Chairman deems necessary.
13. Unless otherwise agreed or set out herein, proceedings of meetings of the Nomination Committee shall be governed by the provisions of the Articles of Association of the Company.

Notice of meetings

14. Meetings of the Nomination Committee shall be summoned and convened by the Secretary at the request of any of the Members.
15. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, shall be sent to each Member, and to any other person required to attend:
 - (a) in relation to all regular meetings of the Nomination Committee, at least 14 days before the date of such meetings; and
 - (b) in relation to all other meetings of the Nomination Committee, within a reasonable time prior to the date of such meetings.

16. An agenda of items to be discussed, together with supporting papers shall be sent to Members and to other attendees as appropriate within a reasonable time prior to the date of the meeting. Any member of the Nomination Committee shall be entitled, by notice to the Secretary, to include other matters relevant to the functions of the Nomination Committee in the agenda of a Nomination Committee meeting.

Minutes of meetings

17. The Secretary (or his/her delegate) in attendance at the meetings of the Nomination Committee shall prepare minutes in sufficient detail of the proceedings and resolutions of all such meetings, including the names of those present and in attendance.
18. Draft and final versions of the minutes of Nomination Committee meetings shall be sent to all Members for their comment and records respectively, in both cases within a reasonable time after such meeting. Once they are agreed upon the Secretary shall circulate the minutes and reports of the Nomination Committee to all members of the Board.
19. Minutes of the Nomination Committee meetings shall be kept by the Secretary and shall be available for inspection by any Member and/or any Director at any reasonable time on reasonable notice.

Resolutions

20. A resolution in writing signed by all the members of the Nomination Committee shall be as valid and effectual as it had been passed at a meeting of the Nomination Committee and may consist of several documents in same form each signed by one or more of the Members. Such resolution may be signed and circulated by fax. This provision is without prejudice to any requirement under the Listing Rules for a Board or Nomination Committee's meeting to be held.

Annual general meetings

21. The NC Chairman (or if he is not able to attend, his delegate who shall be a member of the Nomination Committee) shall endeavour to attend the annual general meetings of the Company and be prepared to respond to any questions of the shareholders of the Company (the "**Shareholders**") relating to the Nomination Committee's activities.

Reporting responsibilities and procedures

22. After each meeting, the NC Chairman shall report formally to the Board on all matters within its duties and responsibilities.
23. The Nomination Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting/written resolution of the Nomination Committee, copies of the minutes/resolution setting out the findings, recommendations and decisions of the Nomination Committee shall be submitted to the Board.

24. The Nomination Committee shall make whatever recommendations it deems appropriate to the Board on any area within its remit where action or improvement is needed.
25. The Nomination Committee shall compile annually a report on its activities for the Board to consider in the context of preparing the Company's annual report.

Authority

26. The Nomination Committee is authorised by the Board with full power:
 - (a) to investigate any activity within its terms of reference;
 - (b) to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Nomination Committee; and
 - (c) subject to the Company's procedure for seeking external advice, to obtain outside legal or other independent professional advice and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties and Responsibilities

27. The duties and responsibilities of the Nomination 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 to the Board 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 independent non-executive directors, having regard to the requirements under the Rules governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**");
 - (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer;
 - (e) to develop and review the Company's policies and practices on corporate governance and compliance with the corporate governance code of Listing Rules and other related legal and regulatory requirements;
 - (f) to review and monitor the training and continuous professional development of Directors and senior management;

- (g) to review the annual corporate governance report and recommend to the Board for consideration and approval for disclosure;
 - (h) to conform to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation; and
 - (i) to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board.
28. The Nomination Committee should be provided sufficient resources to perform its duties.
29. Where the Board proposes a resolution to elect an individual as an independent non-executive Director 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 the Board believes he/she should be elected and the reasons why the Board consider him/her to be independent.

Availability of Terms of Reference

30. The Nomination Committee shall 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.