



ZH INTERNATIONAL HOLDINGS LIMITED

正恒國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

("Company")

Nomination Committee Terms of Reference

(Approved by the Board on 30 March 2012)

Reference to "the Committee" shall mean the Nomination Committee of ZH International Holdings Limited.

Reference to "the board" shall mean the board of directors of ZH International Holdings Limited.

Reference to "the company" shall mean ZH International Holdings Limited and reference to "the group" shall mean the company and its subsidiary undertakings.

1. Membership

- 1.1 Members of the Committee shall be appointed by the board and shall be made up of at least three members, the majority of whom should be independent non-executive directors;
- 1.2 Only members of the Committee have the right to attend Committee meetings. Other executives of the group (if he is not already a member) may be invited to attend for all or part of any meeting, as and when appropriate;
- 1.3 Appointments to the Committee shall be for such initial period (subject to extension) as prescribed by the board; and

- 1.4 The board shall designate one of the members as the Committee Chairman. In the absence of the Committee Chairman, the remaining members present shall elect one of their members to chair the meeting. The Chairman of the board shall not chair the Committee when it is dealing with the matters of his own appointment and succession to the chairmanship.

2. Secretary

The members shall nominate a secretary to the Committee.

3. Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

- 4.1 The Committee shall meet at such time as the Committee shall require.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be convened by the Committee Chairman; and
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend at least 14 days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate at least 5 clear days in advance of the meeting.

6. Minutes of Meetings

The Committee Chairman shall arrange for keeping of records of resolutions passed at Committee meetings, and circulate the same to all members of the Committee within a reasonable time after each meeting and, once agreed, to all other members of the board, unless a conflict of interest exists.

7. Annual General Meeting

The Committee Chairman should, as far as practicable, attend the Annual General Meeting and make himself available to respond to any shareholder questions on the Committee's activities.

8. Duties

8.1 The Committee shall:

8.1.1 regularly review the structure, size and composition (including the skills, knowledge and experience) required of the board compared to its current position and make recommendations to the board with regard to any changes;

8.1.2 be responsible for nominating for the approval of the board, candidates to fill board vacancies as and when they arise;

8.1.3 before appointment is made by the board, evaluate the balance of skills, knowledge and experience on the board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment;

8.1.4 keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;

8.1.5 keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates; and

8.1.6 make available the Committee's terms of reference.

8.2 The Committee shall also make recommendations to the board concerning:

8.2.1 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 provisions of the law and their service contract; and

8.2.2 the appointment of any director to executive office.

9. Reporting Responsibilities

- 9.1 The Committee Chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities; and
- 9.2 The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

10. Authority

- 10.1 The Committee is authorised to seek any information it requires from any employee of the company in order to perform its duties; and
- 10.2 The Committee is authorised to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.