



## Z-Obee Holdings Limited

融達控股有限公司\*

*(incorporated in Bermuda with limited liability)*

(Hong Kong Stock Code: 948)

(Singapore Stock Code: D5N)

### TERMS OF REFERENCE OF THE NOMINATING COMMITTEE

The Singapore Code of Corporate Governance 2012 (the "2012 Singapore Code") and the revised Hong Kong Corporate Governance Code ("HK CG Code") recommends that listed companies set up a Nominating Committee (the "**NC**"). The NC reports to the board of directors (the "**Board**") of Z-Obee Holdings Limited (the "**Company**").

The primary role of the NC is to make recommendations to the Board on all Board appointments to ensure a formal and transparent process.

The terms of reference for the NC are appended below.

#### 1. MEMBERSHIP

- 1.1 The NC shall be appointed by the Board from amongst its members, and shall comprise at least three (3) members.
- 1.2 A majority of members shall be independent. The lead independent director, if any, shall be a member.
- 1.3 The NC Chairman shall be elected by members and shall be independent.
- 1.4 A Director may be considered independent in character and judgement if he has no relationship with the Company, its related corporations, its substantial shareholder with a shareholding of 10% or more ("10% shareholder"), or its officers; or if there are no circumstances that could interfere, with his exercise of independent business judgement with a view to the best interests of the Company and in carrying out his functions as a member of the NC.

The 2012 Singapore Code sets out the following relationships or circumstances, which would deem a Director not to be independent:

- (a) a Director being employed by the Company or any of its related corporations for the current or any of the past three financial years;

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- (b) a Director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the Remuneration Committee;
- (c) a Director, or an immediate family member, accepting any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for Board service;
- (d) a Director:
  - (i) who, in the current or immediate past financial year, is or was; or
  - (ii) whose immediate family member, in the current or immediate past financial year, is or was,
    - a 10% shareholder of, or
    - a partner in (with 10% or more stake), or
    - an executive officer of,
    - or a Director of,

any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year.

As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant;

- (e) a Director who is a 10% shareholder or an immediate family member of a 10% shareholder of the Company; or
- (f) a Director who is or has been directly associated with a 10% shareholder of the Company, in the current or immediate past financial year.

1.5 On appointment, and thereafter, on an annual basis, every independent Board member shall complete a return (Annex 1) as to his independence. The NC shall review the return to decide if a Director is to be considered independent and make its recommendation to the Board.

1.6 An independent member shall immediately notify the Company Secretary of any change in circumstances that may result in him not being able to meet the criteria for independence.

The NC may, after considering the change in circumstances, require the resignation of the member, in compliance with provisions of the NC's terms of reference and/or any other applicable statutes, rules or regulations and makes its recommendations to the Board accordingly.

The Board may, as a result of the resignation, re-constitute the NC before its next scheduled meeting.

- 1.7 A member who wishes to retire or resign from the Committee shall notify the Board in writing, giving at least one (1) month's notice or such shorter period as may be agreed by the Board.
- 1.8 The office of a member shall become vacant upon the member's death/resignation/retirement/removal or disqualification as a Director of the Company.
- 1.9 Any vacancy in the NC shall be filled within two (2) months, and in any case, no later than three (3) months.

## **2. ADMINISTRATION**

### **2.1 Meetings**

- (a) Meetings of the NC ("NC Meetings") may be conducted by means of telephone conferencing, video conference or any other form of audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

The minutes of such a meeting signed by the NC Chairman or Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.

- (b) NC Meetings shall be held at least once a year. NC Meetings may be called, at any other time, by the Chairman or any member.
- (c) The NC shall have full discretion to invite any Director or Management to attend its meetings.
- (d) The Secretary of the NC shall be the Company Secretary for the time being or such other person as may be nominated by the NC.
- (e) The Secretary shall attend all NC Meetings and minute the proceedings thereof including providing an attendance record of individual members present at all meetings.
- (f) Minutes of all NC Meetings shall be confirmed by the NC Chairman or Chairman of the meeting and circulated to all the members.
- (g) If the NC Chairman so decides, the minutes shall be circulated to other members of the Board. A Director may, provided that there is no conflict of interest and with the agreement of the NC Chairman, obtain copies of minutes of meetings.
- (h) The notice of each NC Meeting, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the NC at least three (3) working days prior to the date of the meeting.

## **2.2 Quorum**

The quorum shall be two (2) members, including at least one (1) independent Director.

If the NC Chairman is not present within 15 minutes from the appointed time of the meeting, the members present may elect one of their members, who must be independent, to chair the meeting.

## **2.3 Voting**

A resolution shall be considered passed if:

- (a) there is a majority of votes cast in favour of the resolution at a NC Meeting; or
- (b) there is agreement in writing by a majority of members entitled to vote on the decision.

In the event of an equality of votes, the Chairman **shall not** have a casting vote. All conflicting views shall be submitted to the Board for its final decision.

Any member who has an interest in any matter being reviewed or considered shall abstain from voting on the matter.

## **2.4 NC Resolution in Writing**

The NC may pass resolutions by circulation. A resolution in writing signed by a majority of members, including at least one independent Director, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

These resolutions may consist of several documents in original or facsimile in the like form each signed by one or more members.

## **2.5 Attendance at Annual General Meeting**

The NC Chairman (or in his absence, an alternative member of the NC) shall attend the Annual General Meetings of the Company and be prepared to answer questions concerning Board appointments.

### **3. DUTIES AND RESPONSIBILITIES**

#### **3.1 The duties of the Committee shall be to:**

- (a) make recommendations to the Board on the appointment and re-appointment of Directors (including Alternate Directors, if applicable). If an Alternate Director is appointed, the Alternate Director should be familiar with the Company's affairs and be appropriately qualified. If a person is proposed to be appointed as an Alternate Director to an Independent Director, the NC and the Board should review and conclude that the person would similarly qualify as an Independent Director.
- (b) regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- (c) determine the process for the search, nomination, selection and appointment of new Board members and assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he is independent.

Important issues to be considered as part of the process for the selection, appointment and re-appointment of Directors include composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director,

- (d) review Board succession plans for Directors, in particular, the Chairman and Chief Executive Officer.
- (e) develop a process for the evaluation of performance of the Board, its Board committees and Directors.
- (f) determine how the Board's performance may be evaluated and propose objective performance criteria.
- (g) assess the effectiveness of the Board as a whole and its Board committees and to assess the contribution by the Chairman and each individual Director to the effectiveness of the Board. The results of the performance evaluation will be reviewed by the NC Chairman and the assessment process shall be disclosed in the Company's annual report.

If an external facilitator has been used, the Board should disclose in the Company's annual report whether the external facilitator has any other connection with the Company or any of its Directors.

The Board Chairman should act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

- (h) review training and professional development programmes for the Board.
- (i) determine, on an annual basis, if a Director is independent.

The relationships set out in the 2012 Singapore Code are not intended to be exhaustive. If the NC wishes, in spite of the existence of one or more of these relationships, to consider the Director as independent, it should disclose in full, the nature of the Director's relationship and submit its recommendation to the Board with an explanation as to he should be considered independent for the Board's consideration.

Conversely, the NC may determine that a Director is not independent even if he has no business or other relationships with the Company, its related corporations, its 10% shareholders or its officers, particularly, if the independent Director has served on the Board beyond nine (9) years from the date of his first appointment and submit its recommendation to the Board. The independence of such Director would be subject to particularly rigorous review.

- (j) make recommendations to the Board for the continuation (or not) in the services of any Director who has reached the age of seventy (70) years, where appropriate.
- (k) recommend Directors who are retiring by rotation or are newly appointed to be put forward for re-election.

All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least every three (3) years. Directors appointed as an additional Director or to fill any casual vacancy shall hold office only until the next Annual General Meeting and shall be eligible for re-election.

- (l) review and determine whether the Director is able to and has been adequately carrying out his duties as a Director of the Company, , taking into consideration the Director's number of Board representations on listed companies and other principal commitments.

The NC shall recommend to the Board guidelines to address competing time commitments faced by Directors who serve on multiple boards.

- (m) Such other duties or functions as may be delegated by the Board or required by regulatory authorities.

#### **4. REPORTING PROCEDURES**

- 4.1 The NC shall report from time to time its findings and recommendations to the Board.
- 4.2 The NC shall make recommendations to the Board as it deems appropriate in any area within its remit where action or improvement is needed.

## **5. REMUNERATION**

- 5.1 Having regard to the functions performed by members in relation to the activities of the NC and pursuant to the specific powers conferred upon the Board by the Bye-Laws of the Company, members may be paid such special remuneration in respect of their appointment as shall be fixed by the Board.
- 5.2 Such special remuneration shall be in addition to the annual fees payable to members.

## **6. GENERAL**

- 6.1 The NC in carrying out its tasks under these terms of reference may obtain at the Company's expense such external or other independent professional advice as it considers necessary to carry out its duties.
- 6.2 The Board will ensure that the NC has access to internal and external professional advice in order for it to perform its duties.
- 6.3 These terms of reference may from time to time be amended as required, subject to the approval of the Board.



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(incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 948)

(Singapore Stock Code: D5N)

### CONFIRMATION OF INDEPENDENCE

In connection with my \*appointment/re-appointment/confirmation as a member of the Nominating Committee of Z-Obee Holdings Limited (the "Company"), I confirm the following:

- (a) That I \*am/am not an executive Director of the Company or any of its related corporations<sup>(1)</sup> and \*have/have not been employed by the Company or any of its related corporations<sup>(1)</sup> for the current or any of the past three financial years.
- (b) That I \*have/do not have an immediate family<sup>(2)</sup> member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations<sup>(1)</sup>.
- (c) That I, or an immediate family member \*have/have not accepted any significant compensation from the Company or any of its related corporations<sup>(1)</sup> other than fees for acting as a Director of the Company for the current or immediate past financial year.
- (d) That I, or an immediate family member \*am/am not:
  - (i) \*a 10% shareholder<sup>(4)</sup> of \*or
  - (ii) a partner in (with 10% or more stake) \*or
  - (iii) an executive officer of, \*or
  - (iv) a director of \*
 

any organisation to which the Company or any of its subsidiaries made, \*or from which the Company or any of its subsidiaries received, significant payments<sup>(3)</sup> or material services (which may include auditing, banking, consulting and legal services) in the current or immediate past financial year.
- (e) I \*am/am not a 10% shareholder<sup>(4)</sup> or an immediate family member of a 10% shareholder<sup>(4)</sup> of the Company.
- (f) I \*am/am not or \*have/have not been directly associated<sup>(5)</sup> with a 10% shareholder<sup>(4)</sup> of the Company, in the current or any of immediate past financial year.
- (g) That I \*do/do not have any relationship with the Company, its related corporations<sup>(1)</sup>, its 10% shareholder or its officers that could interfere or be reasonably perceived to interfere, with my exercise of independent business judgment with a view to the best interests of the Company and in carrying out my functions as an independent director and as a member of any Board committee(s).

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## CONFIRMATION OF INDEPENDENCE

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- (h) \*I am able to carry out my duties as a Director of the Company and to address any competing time commitments that may arise, despite my multiple board representations. I attach a copy of my current directorships and other principal commitments<sup>(6)</sup>.
- (i) I was appointed \*an/a independent/non-independent Director on [date].

If any of the relationships (items (a) to (g)) stated above exist, please provide details:

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In view of the foregoing, I am to be considered \*independent/not independent of the Company's Management as contemplated by the Code of Corporate Governance 2012.

\_\_\_\_\_  
Signature

Name:

Date:

\* delete where inapplicable.

### Notes:

- (1) The term "**related corporation**", in relation to the Company, shall have the same meaning as currently defined in the Companies Act, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.
- (2) The term "**immediate family**" shall have the same meaning as currently defined in the Listing Manual of the Singapore Exchange (the "**Listing Manual**"), i.e. the person's spouse, child, adopted child, step-child, brother, sister and parent.
- (3) As a guide, payment aggregated over any financial year in excess of S\$200,000 should generally be deemed significant.
- (4) The term "**10% shareholder**" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.
- (5) A director will be considered "**directly associated**" with a 10% shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the 10% shareholder in relation to the corporate affairs of the corporation. A director will not be considered "directly associated" with a 10% shareholder by reason only of his appointment having been proposed by that 10% shareholder.
- (6) The term "**principal commitments**" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.