



DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

Terms of Reference of the Nomination Committee

(adopted on 26 March 2012)

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1. Constitution

- 1.1 The Board of Directors (the “Board”) of Daisho Microline Holdings Limited (the “Company”) had resolved on 26 March 2012 to establish a committee known as the Nomination Committee (the “Committee”) to assist the Board to formulate nomination policy for the Board’s consideration and implement the Board’s approved nomination policy.

2. Membership

- 2.1 The Committee members shall be appointed by the Board from amongst the directors of the Company (the “Directors”) and shall consist of not less than three members. The majority of the Committee members must be independent non-executive directors.
- 2.2 The chairman of the Committee shall be the Chairman of the Board.
- 2.3 The terms of office of the Committee members shall be determined by the Board.
- 2.4 The quorum of the Committee shall be any two Committee members.
- 2.5 The Company Secretary of the Company, or any person duly appointed by the Committee, shall act as the secretary of the Committee.

3. Attendance at Meetings

- 3.1 Only members of the Committee have the right to attend Committee meetings. The Committee may invite persons, including the Chief Executive and other senior management of the Company or the Group, to attend meetings where appropriate to assist in the effective discharge of the Committee’s duties.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least one time a year. Any Committee member or the secretary of the Committee may convene Committee meeting if necessary.

5. Minutes

- 5.1 Full minutes of the Committee meeting should be kept by the secretary of the Committee. Draft and final version of minutes of the Committee meeting should be sent to all members of the Committee for their comment and records within a reasonable time after the meeting.

6. Authority

- 6.1 The Committee should be provided with sufficient resources to discharge its duties.
- 6.2 The Committee is authorized by the Board to obtain independent professional advice at the Company's expense if considered necessary.

7. Terms of Reference

The specific duties of the Committee shall be:

- 7.1 to review the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board at least annually; and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- 7.2 to consider the selection criteria of the Directors, and develop procedures for the sourcing and selection of candidates to stand for election by the Company's shareholders (the "Shareholders");
- 7.3 to identify and nominate candidates to the Board for it to recommend to the Shareholders for election as the Directors. Sufficient biographical details of nominated candidates shall be provided to the Board and the Shareholders to enable them to make an informed decision;
- 7.4 to identify and nominate candidates to fill casual vacancies of the Directors for the Board's approval;
- 7.5 to assess the independence of independent non-executive directors and review the independent non-executive directors' annual confirmations on their independence; and make disclosure of its review results in the Corporate Governance Report;
- 7.6 to regularly review the time required from the Director to perform his responsibilities;
- 7.7 to make recommendations to the Board on the appointment or re-appointment of directors and the succession planning for directors, in particular the Chairman and the Chief Executive;
- 7.8 to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- 7.9 to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's constitution or imposed by legislation.

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