

**TEM Holdings Limited**  
**創新電子控股有限公司\***  
(incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8346)

**Terms of Reference – Nomination Committee**

**1. Constitution**

Below are the Terms of Reference of the Nomination Committee of the Company established on 20 April 2016 pursuant to the resolutions of the board (the “**Board**”) of directors (the “**Directors**”) of the Company dated as of 20 April 2016.

**2. Membership**

- 2.1 Members of the Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, a majority of whom should be independent non-executive Directors.
- 2.2 The term of each Committee member shall be the same as his/her term as a Director. Subject to the constitutions of the Company and the applicable laws and regulations, any member of the Committee may be re-appointed by the Board and continue to act as a member of the Committee upon the expiry of his/her term of appointment relating thereof.
- 2.3 A member of the Committee who ceases to be a member of the Board shall immediately and automatically cease to be a member of the Committee.
- 2.4 The chairman of the Committee (the “**Committee Chairman**”) shall be appointed by the Board from time to time. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

**3. Committee Secretary**

The company secretary of the Company shall act as the secretary of the Committee (the “**Committee Secretary**”). The Committee may, from time to time, appoint any other person with the appropriate qualification and experience as the Committee Secretary. The Committee Secretary or in his/her absence, his/her representative or any one member of the Committee, shall be the secretary of the meeting.

**4. Frequency of Meetings**

- 4.1 Meetings shall be held as and when appropriate, but at least once a year.

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*\* For identification purpose only*

4.2 The Committee Chairman shall convene a meeting upon request by any member of the Committee.

**5. Conduct of Meetings**

5.1 Unless specified by these terms of reference, meetings and proceedings of the Committee shall be governed by the Company's articles of association regulating the meetings and proceedings of the Directors.

5.2 Unless otherwise waived by all members of the Committee, 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 no later than 7 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

Code  
Provision  
A.7.1

5.3 The quorum of the Committee shall be any two members of the Committee. Meetings could be held in person, by telephone or by video conference. 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.

5.4 Resolutions of the Committee at any meetings shall be passed by a majority of votes of the members of the Committee present. Subject to compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and the applicable laws and regulations, a resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

5.5 The Committee may invite any member of the senior management of the Company, any Director, external advisers or any other persons to attend all or part of any meetings as the Committee considers appropriate, notwithstanding that the aforementioned persons shall not have a right to vote at such meetings.

**6. Annual General Meeting**

The Committee Chairman, or in his/her absence, another member of the Committee, or failing which his/her duly appointed alternate shall attend the annual general meetings of the Company and be available to answer questions thereat on the Committee's activities and its responsibilities.

Code  
Provisions  
E.1.2

**7. Authority**

7.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

7.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings of the Committee if it considers necessary. Code Provisions A.1.6 & A.5.4

7.3 Management of the Company is obliged to supply the Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a member of the Committee requires more information than is volunteered by the management of the Company, the relevant member of the Committee should make additional necessary enquiries. Each member of the Committee shall have separate and independent access to the management of the Company. Code Provision A.7.2

7.4 The Committee shall be provided with sufficient resources to discharge its duties. Code Provisions A.3.6 & A.5.4

## **8. Duties**

8.1 The duties of the Committee shall include, without limitation, the following:

8.1.1 review the structure, size and composition (including the skills, knowledge and experience required) of the Board on a regular basis and make recommendations to the Board with regard to any proposed changes; Code Provision A.5.2.(a)

8.1.2 identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships when a vacancy occurs on the Board by reason of disqualification, resignation, retirement, death or an increase in the size of the Board; Code Provision A.5.2.(b)

8.1.3 make recommendations for matters relating to the appointment or re-appointment of the Directors and succession planning for Directors, in particular the chairman and chief executive officer of the Company; Code Provision A.5.2.(d)

a) 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;

b) the appointment of any Director to executive or other office, other than to the positions of chairman and chief executive, the recommendation for which would be considered at a meeting of the full board;

c) any area it deems appropriate within its scope of duties where action or improvement is needed;

- 8.1.4 to consider factors below when it makes recommendation for appointment and reappointment, inter alia:
- a) mix of Board members that promotes diversity of background and experience on the Board;
  - b) competency;
  - c) age of potential/existing Director;
  - d) independence of potential/existing Board member;
  - e) business, technical, or specialised skills and experience of member/potential member;
  - f) ability, time, commitment and willingness of a new member to serve and an existing member to continue service;
  - g) specific value a member/potential member can add to the Board;
- 8.1.5 assess the independence of independent non-executive Directors, having regards to the requirements under the GEM Listing Rules; Code Provision  
A.5.2.(c)
- 8.1.6 ensure that no Director or any of his/her associates is involved in approving his/her or any of his/her associates' nomination;
- 8.1.7 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- 8.1.8 make recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed;
- 8.1.9 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 they believe he should be elected and the reasons why they consider him to be independent; and Code Provision  
A.5.5
- 8.1.10 the Committee (or the Board) should have a policy concerning diversity of board members and should disclose the policy or a summary of the policy in the corporate governance report. Code Provision  
A.5.6

**9. Reporting Procedures**

- 9.1 Full minutes of the Committee’s meetings should be recorded and kept by the Committee Secretary and such minutes shall be available for inspection at any reasonable time on prior reasonable notice by any Director. Code Provisions A.1.4, & C.3.1
- 9.2 Draft and final versions of minutes of the Committee’s meetings should be sent to all members of the Committee for their comments and records respectively, in both cases within a reasonable time after such meetings. Code Provision C.3.1
- 9.3 The Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless prohibited by applicable laws and regulations. Code Provisions D.2.2

**10. Terms available**

The Committee shall make available these terms of reference on request and by including them on The Stock Exchange of Hong Kong Limited’s website and the Company’s website. Code Provision C.3.4