

**DAIDO GROUP LIMITED**  
**NOMINATION COMMITTEE – TERMS OF REFERENCE**

1. Constitution

- 1.1 The board of directors (the “Director(s)”) (the “Board”) of Daido Group Limited (the “Company”) has resolved to establish a committee of the Board known as the Nomination Committee (the “Committee”) on 30 June 2005.
- 1.2 Revised on 28 March 2012 pursuant to the Corporate Governance Code effective on 1 April 2012.
- 1.3 The revised version shall supersede any terms of reference previously adopted by the Board of Directors.

2. Membership

- 2.1 The members of the Committee (the “Member(s)”) shall be appointed by the Board and shall comprise a minimum of three Directors. The majority of the Committee must be independent non-executive Directors.
- 2.2 The chairman of the Committee (the “Chairman”) shall be appointed by the Board and shall be the chairman of the Board or an independent non-executive Director.
- 2.3 Subject to clause 2.1, if a regular Member is unable to act due to absence, illness or any other cause, the Chairman may appoint another non-executive Director to serve as an alternate Member.

3. Secretary

- 3.1 The company secretary of the Company shall be the secretary of the Committee (the “Secretary”).

4. Quorum

- 4.1 The quorum necessary for the transaction of the business of the Committee 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.

5. Frequency of Meetings

- 5.1 The Committee will meet as and when required and shall meet no less than one meeting a year.

6. Notice of Meetings

- 6.1 Notice of any meetings has to be given at least 14 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, a Member attending the meeting shall be deemed to be a waiver of the requisite length of notice of the meeting by the Member. Notice of any adjourned meetings is not required if adjournment is for less than 7 days.

7. Attendance at Meetings

- 7.1 Meetings may be held in person, by telephone or video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.

8. Authority

- 8.1 The Company shall provide the Committee with sufficient resources to perform its duties.
- 8.2 In the event that the Committee considers it necessary to seek independent professional advice to perform its responsibilities, they should first seek, unless the circumstances are such that it would be inappropriate for them to seek such approval, the approval of the chairman of the Company. The Company shall pay for any expenses reasonably incurred.
- 8.3 Members will be entitled to request from the Company and its Directors, employees, auditors and advisers all such information as they may reasonably require in order to be able to perform their duties as a Member and, upon receipt of a request for any such information from them, the Company shall use its reasonable endeavours to procure that such information is provided to them promptly.

9. Duties

- 9.1 The Committee shall take full account of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").
- 9.2 The Committee shall perform the following duties:-
- (a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- (b) 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) assess the independence of independent non-executive Directors; and
- (d) make recommendations to the board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive of the Company.

9.3 The Chairman shall attend annual general meetings to answer any shareholders' questions. In the Chairman's absence, another Member or failing this his duly appointed delegate should attend in his place.

#### 10. Minutes and reporting to the Board

10.1 The Secretary shall keep and send the minutes of meetings of the Committee to all members of the Board.

10.2 The Members shall cause minutes to be made of all resolutions and proceedings of the Committee including the names of all those present and in attendance at meetings of the Committee. Minutes of Committee meetings shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by the Members and dissenting views expressed.

10.3 Draft and final versions of minutes of the Committee meetings shall be sent to all Members for their comment and records within a reasonable time after the meeting is held. Such minutes of meeting shall be open for inspection at any reasonable time on reasonable notice by any Director.

10.4 Except where this would violate legal or regulatory requirements, the Committee shall promptly report back to the Board all decisions and recommendations.

#### 11. Publication of the terms of reference

11.1 The terms of reference shall be posted on the websites of the Stock Exchange and the Company. A copy of the terms of reference will be made available to any person without charge upon request.

#### 12. Miscellaneous

12.1 The English text of this terms of reference will prevail over the Chinese text in case of any inconsistency.

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