

DIFFER GROUP HOLDING COMPANY LIMITED
(“Company”, together with its subsidiaries, the “Group”)
TERMS OF REFERENCE AND MODUS OPERANDI OF
NOMINATION COMMITTEE
(“Committee”)

Membership

1. The Committee shall comprise not less than three members appointed by the Company’s board of directors (“**Board**”) from time to time, the majority of whom shall be independent non-executive directors under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).
2. The chairman of the Committee shall be appointed by the Board and shall be the chairman of the Board or an independent non-executive director.
3. The company secretary of the Company or his nominee shall act as the Committee’s secretary.

Frequency and proceedings of meetings

4. The Committee shall meet at least annually. Additional meetings shall be held as the work of the Committee demands.
5. In addition, the Committee’s chairman may convene additional meetings at his discretion.
6. The quorum of a meeting shall be three Committee members, the majority of whom shall be independent non-executive directors.
7. Proceedings of the Committee’s meetings shall be governed by articles 117 to 118 of the Company’s articles of association.

Duties, powers and functions

8. The Committee shall –
 - (a) formulate nomination policy for the Board’s consideration and implement the Board’s approved nomination policy; and
 - (b) without prejudice to the generality of the foregoing:
 - (i) review the structure, size, composition and diversity (including without limitation, the skills, knowledge, gender, age, cultural and educational background, professional experience and length of service) of the Board at least annually; and make recommendations on any proposed changes to the Board to implement the Company’s corporate strategy, with due regard to the diversity policy of the Board;

- (ii) consider the selection criteria of directors and senior management of the Company, and develop procedures for the sourcing and selection of candidates to stand for election by the Company's shareholders ("**Shareholders**");
- (iii) identify and nominate candidates to the Board and select or make recommendations to the Board for it to recommend to Shareholders for election as directors and senior management of the Company. Sufficient biographical details of nominated candidates shall be provided to the Board and Shareholders to enable them to make an informed decision. In identifying suitable candidates, the Committee shall consider individuals on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;
- (iv) identify and nominate candidates to fill casual vacancies of directors and senior management of the Company for the Board's approval;
- (v) assess the independence of independent non-executive directors and proposed independent non-executive directors, if applicable, their sufficiency of time to be devoted to the Company, if necessary, with reference to the requirements of the Listing Rules; and review the independent non-executive directors' annual confirmations on their independence; and make disclosure of its review results in the corporate governance report;
- (vi) review and adopt the Board's policy on diversity of the Board, as appropriate, and review the measurable objectives that the Board has set for implementing such policy, and the progress on achieving the objectives;
- (vii) regularly review the time required from a director to perform his responsibilities;
- (viii) make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors (in particular the chairman and the chief executive) as well as the senior management;
- (ix) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;
- (x) 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;

- (xi) where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, to set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:
 - aa. the process used for identifying the individual and why the Board believes the individual why they believe he/she should be elected and the reasons why it considers the individual to be independent;
 - bb. if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board;
 - cc. the perspectives, skills and experience that the individual can bring to the Board; and
 - dd. how the individual contributes to diversity of the Board; and
- (xii) to perform any other duties as authorized by the Board.

- 9. The Committee shall be provided with sufficient resources to enable it to perform its functions, including the resources for seeking independent professional advice.
- 10. The Committee shall perform and report to the Board the matters as set out in code provision A.5 in Appendix 14 to the Listing Rules.

Reporting Procedures

- 11. The Committee shall report to the Board on a regular basis. At the next Board meeting following a Committee's meeting, the Committee's chairman shall report the Committee's findings and recommendations to the Board.

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