

UNITED PACIFIC INDUSTRIES LIMITED
NOMINATING and CORPORATE GOVERNANCE COMMITTEE CHARTER

This charter ("Charter") of the Nominating and Corporate Governance Committee (the "Committee") was adopted by the Board of Directors (the "Board") of United Pacific Industries Limited (the "Company") on 16 March 2005.

I. **Purposes of the Committee**

The purposes of the Committee are to:

- A. oversee the composition of the Board to ensure that qualified individuals meeting the criteria of HKSE regulations serve as members of the Board and its committees; and
- B. develop, recommend to the Board and oversee the implementation of corporate governance principles and policies relating to the operation of the Board and its committees and the Company as a whole.

II. **Responsibilities**

In discharging its general purposes, the Committee shall have the following duties:

- A. **Identification of Candidates:** To identify individuals suitably qualified to serve on the Board as vacancies arise;
- B. **Independent Non-executive Directors.** To assess the independence of director nominees, and the continuing independence of independent non-executive directors on the Board.
- C. **Recommendation of Nominees.** To make recommendations to the full Board on relevant matters relating to the appointment or reappointment of directors;
- D. **Succession Planning.** To make recommendations to the full Board on relevant matters relating to succession planning for directors, in particular, the chairman and chief executive officer.
- E. **Removal of Directors.** To recommend to the full Board the termination of the directorship of individual directors for appropriate reasons;
- F. **Annual Performance Evaluation.** To evaluate each year the performance of the Board, the other committees of the Board and each of the directors;
- G. **Board Composition.** To review on a regular basis the structure, size and composition of the Board, and to make recommendations to the full Board regarding the appropriate changes, if necessary;
- H. **Corporate Governance Guidelines.** To develop and recommend to the full Board a set of corporate governance guidelines applicable to the Company;
- I. **Compliance.** To oversee and evaluate compliance by the Board and management of the Company with the Company's corporate governance principles and policies;

- J. Orientation and Training. To coordinate the training and orientation of directors;
- K. Other Duties. To perform any other activities required by applicable law, rules or regulations, including the listing rules of the Hong Kong Stock Exchange, and perform such other activities that are consistent with this Charter, the Company's Bylaws and governing laws, as the Committee or the Board deems necessary or appropriate; and
- L. Annual Report. In the performance of its duties, the Committee shall make a report to the full Board at least annually.

III. Nomination of Directors

A Criteria

- (1) The Committee is charged with seeking candidates for the Board who have experience in appropriate areas and disciplines. The criteria that the Committee shall consider in selecting candidates for the Board shall include, in addition to any applicable requirements of law and regulations, including the listing rules of the Hong Kong Stock Exchange, business experience, specific expertise, strength of character, independence, judgment, factors relating to the current composition of the Board (including its size and structure), and principles of diversity.
- (2) Without limitation, in determining director's independence or financial management expertise, the Committee shall request the nominees to complete the following statements as appropriate:
 - (a) Statement of Independence by Independent Non-executive Directors;
 - (b) Statement of Financial Management Expertise

B Independent Non-executive Directors

- (1) Pursuant to the recommended best practice set out in paragraph A.4.3 of Appendix 14 of the HKSE Listing Rules, the Committee should re-assess the independence of independent non-executive directors who have served for more than nine years, and make recommendations to the Board on matters regarding his independence and suitability for re-appointment to be voted upon at the next annual meeting of the shareholders of the Company;

- C Engagement of Search Consultants. The Committee has authority on behalf of the Company to engage and terminate any search firm used to identify candidates for nomination to the Board. This authority shall include the authority to approve any such firm's fees and other retention terms.

IV. Corporate Governance

A Corporate Governance Guidelines

- (1) The Committee shall propose for consideration by the full Board a set of corporate governance guidelines, and shall, if deemed necessary by the Board, propose from time to time any amendments to such guidelines. Without limitation, the initial set of corporate governance guidelines shall comprise the following:
 - (a) Code on Corporate Governance Practices, set out in Appendix 14 to the HKSE Listing Rules;

- (b) Model Code for Securities Transactions by Directors, set out in Appendix 10 to the HKSE Listing Rules;
 - (c) Non-statutory Guidelines on Directors' Duties, issued by the Companies Registry;
 - (d) Guidelines for Independent Non-executive Directors, issued by the Hong Kong Institute of Directors;
- (2) The Committee shall ensure that, as part of each regularly scheduled meeting of the Board of Directors, the non-management directors shall meet in executive session prior to the conclusion of such Board meeting. Such executive sessions shall be chaired by a non-executive director. At the conclusion of the executive session, the management directors will be invited to join the executive session in order that they can be informed of all relevant issues. In addition, the Committee shall ensure that, at least annually, the Company's independent directors shall meet in executive session.
- B Related Party Transactions. The Committee will conduct an appropriate review of all proposed related party transactions to identify potential conflict of interest situations and the Committee will submit the related party transactions to the Board for its approval and implementation of appropriate action to protect the Company from potential conflicts of interest.
- C Annual Performance Evaluation. The full Board, excluding the Committee members, shall conduct an annual performance evaluation of the Committee as a whole.
- D Corporate Governance Report. The Committee shall review and approve a statement describing its role and functions for inclusion in the annual Corporate Governance Report of the Company pursuant to paragraph 2(g)(i) of Appendix 23 of the HKSE Listing Rules.

V. Membership

A Composition of Committee

- (1) The Committee shall comprise not more than three directors, a majority of whom shall be independent non-executive directors.

B Appointment and Removal

- 1 The members of the Committee and the Chair of the Committee shall be elected by the Board at the annual organizational meeting of the Board following the annual meeting of shareholders and shall serve until their successors shall be duly elected and qualified or their earlier resignation or removal. If the Board fails to designate a Chair, the members of the Committee shall designate a Chair by majority vote of the full Committee membership.
- 2 A Committee member shall be automatically removed without further action of the Board if the member ceases to be a director of the Company.
- 3 Committee members may otherwise be removed or replaced by vote of the Board.

VI. Meetings

- A Quorum and Voting. Except as otherwise provided by this Charter or by applicable laws or regulations, as amended from time to time:
- 1 a majority of the members of the Committee entitled to vote, either present in person or by means of remote communication, or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the Committee, and
 - 2 all actions of the Committee shall be by affirmative vote of a majority of those members so determined to be present or represented by proxy. Actions of the Committee may be taken by voice vote and a record thereof included in the minutes of the meeting, or may be taken by written resolution or consent signed by the members voting for the action. Any such written resolution or consent may be executed in counterparts.
- B Delegation Permitted. The Committee shall have full authority to delegate any of its duties under this Charter to any subcommittee formed by the Board or the Committee or to the Chair of the Committee.
- C Regular Meetings. The Committee shall meet for regular standing meetings twice per year, and at other times as required.
- D Agenda. The Committee Chair will establish an agenda for each meeting after consultation with the Chairman of the Board.
- E Designation of Secretary. The Committee may designate a non-voting Secretary for the Committee, who shall assist in the administration of meetings and prepare the minutes of such meetings, as requested by the Committee.
- F Minutes. The minutes of all Committee meetings will be prepared and distributed to all Committee members and approved at subsequent meetings. Final minutes of all Committee meetings shall be sent to the Secretary of the Company for distribution to the full Board and placed in the records of the Company.
- G Consultation with Management. The Committee shall meet at least annually with management of the Company to discuss management compliance with the Company's corporate governance principles.

VII. Committee Resources

The Nominating/Corporate Governance Committee shall have the authority to obtain advice and seek assistance from internal or external legal, accounting or other advisors. The Committee shall have the sole authority to retain and terminate any search firm to be used to identify Director candidates, including sole authority to approve such search firm's fees and other retention terms.

VIII. Disclosure of Charter

This Charter will be made available on request.