



**Ngai Hing Hong Company Limited**

**毅興行有限公司\***

*(incorporated in Bermuda with limited liability)*

**NOMINATION COMMITTEE**

**TERMS OF REFERENCE**

Latest Version: Updated on 27 February 2014

*This Terms of Reference has been issued in the English language with a separate Chinese language translation. If there is any conflict in the Terms of Reference between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.*

\* For identification purpose only

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**Ngai Hing Hong Company Limited**  
**毅興行有限公司\***  
**(the “Company”)**

Nomination Committee

Terms of Reference

***1. CONSTITUTION***

1.1 The Nomination Committee was formed pursuant to the board resolution of the Company passed on 26 March 2012.

***2. MEMBERSHIP***

2.1 The members of the Nomination Committee (the “Member(s)”) shall be appointed by the board of directors of the Company (the “Board”) (the “Director(s)”) and the majority of the Members shall be independent non-executive Directors.

3.2 The chairman of the Nomination Committee (the “Chairman”) shall be appointed by the Board and shall be the chairman of the Board or an independent non-executive Director. In the absence of the Chairman and/or an appointed deputy, the remaining Members present shall elect one of their Members to chair the meeting. The chairman of the Board shall not chair the Nomination Committee when it is dealing with the matter of succession to the Chairmanship.

***3. MEETINGS***

3.1 The company secretary of the Company shall be the secretary of the Nomination Committee.

3.2 The Nomination Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Nomination Committee.

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- 3.3 A quorum of the Nomination Committee shall be any two Members.
- 3.4 Notice of any meetings has to be given at least 7 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 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.
- 3.5 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.
- 3.6 Resolutions of the Nomination Committee at any meetings shall be passed by a majority of votes of the Members present.
- 3.7 A resolution in writing signed by all Members shall be as valid and effectual as if it had been passed at a meeting of the Nomination Committee duly convened and held.
- 3.8 Minutes of meetings of the Nomination Committee shall record in sufficient detail the matters considered by the Nomination Committee and decisions reached, including any concerns raised by Directors or dissenting views expressed.
- 3.9 Full minutes of Nomination Committee meetings should be kept by the secretary of the Nomination Committee. Draft and final versions of minutes of the Nomination Committee meetings shall be sent to all Members for their comment and records respectively, in both cases within a reasonable time after the meeting. Such minutes of meeting shall be opened for the Board's inspection at any reasonable time on reasonable notice.

#### ***4. ATTENDANCE AT MEETINGS***

- 4.1 At the invitation of the Nomination Committee, the chairman of the Board and/or managing Director, head of human resources, external advisers and other persons may attend the meetings.
- 4.2 Only Members are entitled to vote at the meetings.

## ***5. FREQUENCY OF MEETINGS***

- 5.1 The Chairman, in consultation with the secretary, shall decide the frequency and timing of its meetings. There shall be as many meetings as the Nomination Committee's duties and responsibilities require.
- 5.2 The Nomination Committee shall meet no fewer than one meeting a year.

## ***6. AUTHORITY***

- 6.1 A Member may, through the company secretary, seek professional advice in appropriate circumstances at the Company's expense to perform his/her duties as a Member of the Nomination Committee to the Company within this terms of reference.
- 6.2 The Nomination Committee shall have the right to require the Company's management to furnish any information it requires for the purposes of performing its duties.
- 6.3 The Nomination Committee shall be provided with sufficient resources to perform its duties.

## ***7. DUTIES & RESPONSIBILITIES***

The Nomination Committee shall have the following duties and responsibilities: -

- 7.1 to 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;
- 7.2 to give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are needed on the Board in the future;
- 7.3 to be responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise but will make no prior commitment in advance of Board approval to such candidates;

- 7.4 to review the policy on Board diversity and the measurable objectives for implementing such policy from time to time adopted by the Board, and to review the progress on achieving these objectives;
- 7.5 before any appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board and, with reference to such evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee shall:
- (a) use open advertising or the services of external advisers to facilitate the search;
  - (b) consider candidates on merit and against objective criteria, taking care (in the case of non-executive appointments) that appointees have enough time available to devote to the position;
  - (c) keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace;
  - (d) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
  - (e) in consultation with the head of human resources, recommend to the Board procedures for formal and rigorous annual evaluation of performance of the Board, its committees and individual Directors;
  - (f) review annually the time required from non-executive Directors. Performance evaluation should be used to assess whether the non-executive Directors are spending sufficient time in performing their duties;
  - (g) give full consideration to the Board's policy concerning diversity of Board members adopted from time to time; and
  - (h) ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment, if any, setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.
- 7.6 The Nomination Committee shall also make recommendations to the Board

concerning:

- (a) succession plans for both executive and non-executive Directors and in particular for the key roles of chairman of the Board and Chief Executive;
- (b) suitable plans for the role of senior independent Director, if thought appropriate;
- (c) membership of the audit and remuneration committees, in consultation with the chairmen of those committees;
- (d) the re-appointment of any non-executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- (e) the continuation (or not) in service of any Director who has reached the age of 70;
- (f) the re-election by shareholders of any Director under the 'retirement by rotation' provisions in the Company's bye-laws having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- (g) 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;
- (h) the appointment of any Director to executive or other office other than to the positions of chairman of the Board and Chief Executive, the recommendation for which would be considered at a meeting of the full Board; and
- (i) the policy concerning the diversity of Board members, and the measurable objectives for implementing such policy.

7.7 The Nomination Committee shall identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

7.8 The Nomination Committee shall assess the independence of independent non-executive Directors; and

7.9 The Nomination Committee shall 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.

## **8. *REPORTING PROCEDURES***

8.1 The secretary shall circulate the minutes of meetings and reports of the Nomination Committee to all Members.

8.2 The Nomination Committee shall report to the Board after each meeting.

8.3 The Nomination Committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

## **9. *PUBLICATION OF THE TERMS OF REFERENCE***

9.1 The terms of reference will be posted on the websites of The Stock Exchange of Hong Kong Limited and the Company. It is also available at the Company's principal place of business in Hong Kong open for inspection by the shareholders during normal business hours. A copy of the terms of reference will be made available to any person without charge upon request.