



Evershine Group Holdings Limited
永耀集團控股有限公司
(Incorporated in Hong Kong with limited liability)

NOMINATION COMMITTEE
TERMS OF REFERENCE

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.

Latest Version: Updated on 22 March 2019

Evershine Group Holdings Limited

永耀集團控股有限公司

(the “Company”)

Nomination Committee

Terms of Reference

1. CONSTITUTION

- 1.1 The Nomination Committee was formed pursuant to the board of directors (the “Board”) resolution of the Company passed on 29 March 2012. Further revision has incorporated the amendments to implement the proposals of the “Consultation Conclusions on Review of the Corporate Governance code and Related Listing Rules” published on 27 July 2018.
- 1.2 The revised version shall supersede any terms of reference previously adopted by the board of directors of the Company (the “Director(s)”) (the “Board”).

2. MEMBERSHIP

- 2.1 The members of the Nomination Committee (the “Member(s)”) shall be appointed by the Board and majority of the Members shall be independent non-executive Directors.
- 2.2 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.
- 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 majority of votes of the Members present.
- 3.7 A resolution in writing signed by all Members of the Nomination Committee 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 details 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 of the Nomination Committee 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 term 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 resource 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 (a number of factors including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) 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 review the nomination policy (the "Nomination Policy") of the Board as appropriate, and recommend any changes for the Board's approval;
- 7.3 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;
- 7.4 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;
- 7.5 before any appointment is made by the Board, evaluate a number of factors including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service 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 particular for any proposed independent non-executive director will be holding their seventh (or more) listed company directorship;
- (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; and
- (g) ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment 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 articles of association 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; and
- (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.

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 on merits and against objective criteria, with due regard for the benefits of diversity needed in the future, as appropriate;

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

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, taking into account the Company’s corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, as appropriate; and

7.10 The Nomination Committee shall review the Board’s diversity policy, as appropriate, and review the reasonable objective that the Board has set for implementing the Board’s diversity policy, and the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report annually.

8. NOMINATION POLICY

In discharging the duties of the Committee set out in paragraph 7 above and in evaluating and selecting a candidate for directorship, the following criteria should be considered:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy that are relevant to the Company’s business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;

- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- such other perspectives that are appropriate to the Company’s business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Committee from time to time for nomination of directors and succession planning.

9. NOMINATION PROCESS

(a) Appointment of new Director

- (i) The Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents, and should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. If an independent non-executive director is to be appointed, the Committee and/or the Board will also assess and consider whether the candidate can satisfy the independence requirements as set out in the Listing Rules.
- (ii) If the process yields one or more desirable candidates, the Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iii) The Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(b) Re-election of Director at General Meeting

- (i) The Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and his/her level of participation and performance on the Board.
- (ii) The Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above. If an independent non-executive director is subject to the re-election, the Committee and/or the Board will also assess and consider whether the independent nonexecutive director will continue to satisfy the independence requirements as set out in the Listing Rules.
- (iii) The Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

10. REPORTING PROCEDURES

- 10.1 The secretary shall circulate the minutes of meetings and reports of the Nomination Committee to all Members.
- 10.2 The Nomination Committee shall report to the Board after each meeting.
- 10.3 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.

11. PUBLICATION OF THE TERMS OF REFERENCE

- 11.1 The terms of reference shall 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.