

# SUN CHEONG CREATIVE DEVELOPMENT HOLDINGS LIMITED

## 新昌創展控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1781)**

### **Nomination Committee – Terms of reference**

(Adopted by the Company pursuant to the Board meeting on 16 August 2018 and amended by the Board on 28 December 2018)

The board of directors (the “**Board**”) of Sun Cheong Creative Development Holdings Limited 新昌創展控股有限公司 (the “**Company**”) has established a committee of the Board known as the nomination committee (the “**Nomination Committee**”) with its constitution and particular duties set out below: -

#### **1. MEMBERSHIP**

- 1.1 The members of the Nomination Committee shall be appointed by the Board from amongst the directors of the Company and the Nomination Committee shall consist of not less than three members, the majority of which shall be independent non-executive directors.
- 1.2 The chairman of the Nomination Committee shall be appointed by the Board. The chairman of the Nomination Committee must be the chairman of the Board or an independent non-executive director.

#### **2. SECRETARY OF NOMINATION COMMITTEE**

- 2.1 The company secretary of the Company shall be the secretary of the Nomination Committee.
- 2.2 The Nomination Committee may from time to time appoint any other person with appropriate qualification and experience to act as the secretary of the Nomination Committee.

#### **3. MEETINGS**

- 3.1 At least one meeting will be held each year.
- 3.2 Unless otherwise agreed or waived, notice of each meeting confirming the venue, time and date shall be sent to each member of the Nomination Committee, and to any other person required to attend in relation to all regular meetings of the Nomination Committee, at least 14 days before the date of the meeting; and in relation to continued meetings held within 14 days, no prior notice is required. Notwithstanding the notification period, the attendance of the member of the Nomination Committee at the meeting would deem to be treated as the waiver of the required notification requirement.
- 3.3 A quorum shall be two members, one of whom must be an independent non-executive director. Other Board members, apart from the Nomination Committee members, have the right to attend any Nomination Committee meetings, though they shall not be counted in the quorum.

- 3.4 The members of the Nomination Committee may attend meetings either in person, by telephone or through other electronic means of communication (which are available to all attended parties).
- 3.5 Resolutions of the Nomination Committee shall be passed with a simple majority of votes.
- 3.6 Resolutions signed by all members of the Nomination Committee will be treated valid as if it is passed in the meeting held by the Nomination Committee.
- 3.7 Minutes of the Nomination Committee meetings shall be kept by the secretary of the Nomination Committee and shall be available for inspection by any member of the Nomination Committee and/or any director of the Company at any reasonable time on reasonable notice. Draft and final versions of minutes of Nomination Committee meetings shall be sent to all Nomination Committee members for their comments and records within a reasonable time after the meeting. Once they are agreed, the secretary of the Nomination Committee shall circulate the minutes and reports of the Nomination Committee to all members of the Board.

#### **4. ATTENDANCE OF MEETINGS**

- 4.1 Upon invitation by the Nomination Committee, the chairman of the Board and/or the general manager or the chief executive, external consultant and other Board members may attend all or any of the meetings.
- 4.2 Only the Nomination Committee members shall have the voting powers.

#### **5. DUTIES AND RESPONSIBILITIES**

The duties of the Nomination Committee shall include, but shall not be limited to the following:

- 5.1 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;
- 5.2 to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships with due regard for the benefits of diversity on the Board with reference to the board diversity policy (the "**Board Diversity Policy**");
- 5.3 to 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;
- 5.4 to assess the independence of independent non-executive directors;
- 5.5 where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, the Nomination Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting;

- 5.5.1 the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent;
  - 5.5.2 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;
  - 5.5.3 the perspectives, skills and experience that the individual can bring to the Board; and
  - 5.5.4 how the individual contributes to diversity of the Board.
- 5.6 to review the Board Diversity Policy, as appropriate, and review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and make disclosure of its review results in the corporate governance report of the Company's annual report annually.

## **6. REPORTING RESPONSIBILITIES**

- 6.1 After each meeting, the Nomination Committee shall report formally to the Board on all matters within its duties and responsibilities within a reasonable time after the meeting.
- 6.2 The Nomination Committee should make available these terms of reference by including them on the Stock Exchange's website and the Company's website.

## **7. NOMINATION POLICY**

- 7.1 The provisions set out in the above paragraphs 5.1 to 5.4 are regarded as the key nomination criteria and principles of the Company for the nomination of Directors, and these provisions constitute the nomination policy of the Company (the "**Nomination Policy**").

## **8. NOMINATION PROCEDURES**

- 8.1 Appointment of Directors
  - (a) The Nomination Committee identifies individual(s) suitably qualified to become Board members, having due regard to the Nomination Policy, and the Board Diversity Policy, and assesses the independence of the proposed independent non-executive Director(s) as appropriate.
  - (b) The Nomination Committee makes recommendation(s) to the Board.
  - (c) The Board considers the individual(s) recommended by the Nomination Committee, having due regard to the Nomination Policy and the Board Diversity Policy.

- (d) The Board confirms the appointment of the individual(s) as Director(s) or recommends the individual(s) to stand for election at a general meeting. Individual(s) appointed by the Board to fill a casual vacancy or as an addition to the Board will be subject to re-election by shareholders of the Company (the “**Shareholders**”) at the next annual general meeting after initial appointment in accordance with the Company’s articles of association.
- (e) The Shareholders approve the election of individual(s), who stand(s) for election at general meeting, as Director(s).

## 8.2 Re-appointment of Directors

- (a) The Nomination Committee considers each retiring Director, having due regard to the Nomination Policy and the Board Diversity Policy, and assesses the independence of each retiring independent non-executive Director.
- (b) The Nomination Committee makes recommendation(s) to the Board.
- (c) The Board considers each retiring Director recommended by the Nomination Committee, having due regard to the Nomination Policy and the Board Diversity Policy.
- (d) The Board recommends the retiring Directors to stand for re-election at the annual general meeting in accordance with the Company’s articles of association.
- (e) The Shareholders approve the re-election of Directors at the annual general meeting.

8.3 The Board shall have the ultimate responsibility for all matters relating to the selection and appointment of Directors.

## 9. AUTHORITY

9.1 The Nomination Committee is authorised by the Board when necessary to seek any information it requires from senior management of the Company to order to perform its duties.

9.2 The Nomination Committee is authorised by the Board when necessary to seek independent professional advice, at the Company’s expense, to perform its responsibilities.

*Note: All such arrangements of obtaining outside legal or other independent professional advice may be made by the company secretary.*

9.3 The Company should provide the Nomination Committee sufficient resources to perform its duties.

*“Senior management” refers to the same category of persons as referred to in the Company’s annual report. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the directors, is appropriate.*