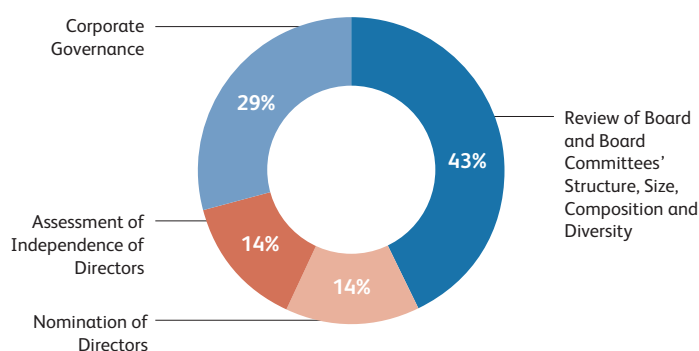


# Nomination Committee Report

## Dear Shareholders,

We are pleased to present our 2019's Nomination Committee Report. The primary roles of the Nomination Committee are to review the Board structure, composition and diversity, and to recommend Board appointments. The roles of the Non-Executive Directors continue to evolve in line with growing demands and the fast-changing business environment. The Board is constantly looking ahead to ensure that our Non-Executive Directors have the required skills and experience to drive the highest performance.

## Nomination Committee activities and agenda time during the year



## Composition

Majority are Independent Non-Executive Directors

## Committee members

Lee Irene Yun-Lien (Chairman)

Fan Yan Hok Philip\*

Lau Lawrence Juen-Yee\*

Lee Chien

Poon Chung Yin Joseph\*

\* Independent Non-Executive Director

## Highlights in 2019

- Considered the re-appointment and independence of Directors
- Adopted the Onboarding Guideline for Directors
- Reviewed the Board of Directors Mandate and the Roles and Requirements of Non-Executive Directors
- Reviewed the Terms of Reference

## Key responsibilities

- Review the structure, size, composition and diversity of the Board and make recommendations to the Board
- Assess independence of the Independent Non-Executive Directors

## Meeting Schedule

The Nomination Committee generally meets at least once every year.

## Roles and Authorities

- Review and make recommendations on the structure, size, composition and diversity of the Board to complement the Company's corporate strategies.
- Review the Diversity Policy.
- Review the independence of Directors pursuant to the Listing Rules' requirements.
- Generally oversee the succession planning of the Board.
- Review the time commitment and the efforts required from Directors to discharge their responsibilities.
- Review the training and continuous professional development of the Directors.
- Consider the nomination of Directors after careful consideration of the attributes and values required to support the effective functioning of the Board in accordance with the Company's Nomination Policy. In addition, to take into account diversity aspects (including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience), with due regard for the benefits of diversity, as set out under the Diversity Policy.

### Director Recruitment Process



- 1** A wide and diverse range of candidates with different skills and business backgrounds that would be attributable to the business needs are identified



- 2** Nomination Committee Chairman meets with shortlisted candidates



- 3** Nomination Committee assesses the suitability of the candidates based on a range of criteria



- 4** All Directors are given the opportunity to meet with the preferred candidate



- 5** Nomination Committee makes a recommendation to the Board

### Activities

During the year of 2019, the Nomination Committee held a meeting to:

#### Board Composition

- Review the Board's structure, size, composition and diversity, and monitor the progress made towards enriching the skills and experience of Board members while improving diversity within the Board. The Nomination Committee was satisfied that, with the establishment of the Sustainability Committee at Board level on 1 January 2020, the current composition and size of the Board remained appropriate for the time being. These matters shall continue to be kept under regular review.
- Continue with the appointment of Li Xinzhe Jennifer as an advisor to the Board, to continue to enrich the Board's skills and diversity.
- The recent Board performance evaluation concluded that the Board has operated very well. The Nomination Committee was satisfied that all Directors were strongly committed to the Company and had contributed to the Board through their participation in the Company's affairs and discussions at the Board and Board Committees' meetings during the year, as reflected in their high attendance recorded in the table on page 57.
- Review the contribution of the Directors who are due to retire and are subject to re-appointment at the forthcoming AGM with the support of the Board.
- Review the training of the Directors and senior management.

#### Independence of Non-Executive Directors

- Assess the independence, effectiveness and commitment of each of the Company's Independent Non-Executive Directors.
- Consider that 2 Directors, Fan Yan Hok Philip and Poon Chung Yin Joseph, have served as Independent Non-Executive Directors for more than 9 years. Fan Yan Hok Philip will also retire at the forthcoming AGM to be held on 13 May 2020 by rotation and Poon Chung Yin Joseph will remain on the Board for a further year. The Nomination Committee was of the view that both Fan Yan Hok Philip and Poon Chung Yin Joseph have demonstrated consistently that they maintain a healthy level of professional skepticism whenever appropriate, and they have not been reserved in asking probing

questions and challenging executive management's views and recommendations. There was no evidence to suggest that their tenure has had any impact on their independence.

- The Nomination Committee was satisfied that notwithstanding the length of service of such Directors, as well as their number and nature of office(s) held in other public companies and their other commitments, they remained highly committed to the Company, are independent and impartial, and continue to be in a position to discharge their duties and responsibilities in the coming year.

#### Review of Policy and Guidelines

- Adopt the Onboarding Guideline for Directors to establish a robust onboarding process to help new Directors to engage with fellow Directors and management
- Enhance our Board of Directors Mandate and the Roles and Requirements of Non-Executive Directors so that they align with the latest developments and ensure good corporate governance
- Review its terms of reference taking into account the corporate governance roles of the Nomination Committee. In February 2019, the terms of reference were updated to address key objectives.

#### Sustainability Committee and Next Generation Innovation Panel

- Consider the establishment and composition of the Sustainability Committee at Board level, which oversees the Group's sustainability development and strategies, governance and reporting with effect from 1 January 2020.
- Consider the nature and composition of the Next Generation Innovation Panel, which improves capabilities and supports the strategic direction-making of the Board.

Members of the Nomination Committee

**Lee Irene Yun-Lien** (Chairman)

**Fan Yan Hok Philip**

**Lau Lawrence Juen-Yee**

**Lee Chien**

**Poon Chung Yin Joseph**

Hong Kong, 20 February 2020