



# **XIWANG SPECIAL STEEL COMPANY LIMITED**

## **西王特鋼有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 1266)**

### **TERMS OF REFERENCE OF THE NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS**

#### **Constitution**

1. The Nomination Committee is established as a committee of the board of directors of the Company (the “**Board**”).

#### **Objective**

2. The Nomination Committee should be exclusively responsible for establishing the selection criteria and the nomination procedures as regards the appointment and reappointment of Directors of the Company, and to make recommendation to the Board on candidates for appointment as Directors.

#### **Membership**

3. The Nomination Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members. The majority of members of the Nomination Committee should be independent non-executive Director.
4. The chairman of the Nomination Committee shall be the chairman of the Board or an independent non-executive Director appointed by the Board.
5. The appointment of the members of the Nomination Committee may be revoked, or additional members may be appointed to the Nomination Committee by separate resolutions passed by the Board and by the Nomination Committee. An appointment of Nomination Committee member shall be automatically revoked if such member ceases to be a member of the Board.

### **Frequency of meetings**

6. The Nomination Committee shall meet at least twice a year.

### **Attendance at meetings**

7. A quorum for a meeting of the Nomination Committee shall be two (2) members of the Nomination Committee.
8. The company secretary of the Company shall be the secretary of the Nomination Committee. The secretary of the Nomination Committee or in his/her absence, his/her representative or anyone member of the Nomination Committee present at the meeting may elect among themselves or appoint another person as the secretary of the meetings of the Nomination Committee.

### **Notice of meetings**

9. Unless otherwise agreed by all the Nomination Committee members (either orally or in writing), a meeting shall be called by at least seven (7) days' notice. Such notice shall be sent to each member of the Nomination Committee, and to any other person invited to attend. Irrespective of the length of notice being given, attendance of a Nomination Committee member at a meeting constitutes a waiver of such notice unless the Nomination Committee member attending the meeting attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting has not been properly convened.

*(Pursuant to paragraph A.1.3 of Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), regular board meetings should be called by, so far as practicable, at least fourteen (14) days’ notice)*

10. Meetings of the Nomination Committee shall be called either by the secretary to the Nomination Committee at the request of the member of Nomination Committee or the Nomination Committee member himself/herself. Notice shall be given to each Nomination Committee member in person orally or in writing or by telephone or by email or by facsimile transmission at the telephone or facsimile or address or email address from time to time notified to the secretary by such Nomination Committee member or in such other manner as the Nomination Committee members may from time to time determine.

11. Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting.
12. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be issued to each member of the Nomination Committee and any other person required to attend no fewer than three (3) days prior to the intended date of the meeting (or such other period as all the Nomination Committee members may agree).

### **Written resolution**

13. Written resolutions may be passed by all Nomination Committee members in writing.

### **Alternate Nomination Committee members**

14. A Nomination Committee member may not appoint any alternate.

### **Authority**

15. The Nomination Committee is authorised by the Board with the objective to ensure a fair and transparent process of the Board appointments, in particular to assist the Board to identify suitable candidates and make recommendations for consideration by the Board and the shareholders of the Company.
16. The Nomination Committee shall report directly to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
17. The Nomination Committee shall be provided with sufficient resources to perform its duties.
18. The Nomination Committee is authorised at the Company's expense, to obtain outside legal or other independent professional advice or assistance from any person, including professional consultants, whom it regards as competent to give such advice or assistance to any matters within these terms of reference, and to secure the attendance of such person with relevant experience and expertise at its meetings if it considers necessary. The Nomination Committee shall have sole authority to approve related fees and retention terms.

19. The Nomination Committee may exercise the following powers:
- (a) to seek any information it requires from any employee of the Company and its subsidiaries (together, the “**Group**”) and any professional advisers in order to perform its duties, to require any of them to prepare and submit reports and to attend Nomination Committee meetings and to supply information and address the questions raised by the Nomination Committee;
  - (b) to review the performance of the Directors and the independence of independent non-executive Directors in relation to their appointment or reappointment as Directors;
  - (c) to review annually these terms of reference and their effectiveness in the discharge of its duties and to make recommendation to the Board any changes it considers necessary; and
  - (d) to exercise such powers as the Nomination Committee may consider necessary and expedient so that their duties under the section headed “Duties” below can be properly discharged.
20. The Nomination Committee may delegate its authority to subcommittees or the chairman of the Nomination Committee when it deems appropriate and in the best interests of the Company.

### **Duties**

21. The Nomination Committee has the duties set out below:
- (a) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board with reference to the business mode and needs of the Company at least annually and to make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
  - (b) to develop and maintain a policy for the nomination of Board members which includes the nomination procedures and the process and criteria adopted by the Nomination Committee or the Company to identify, select and recommend candidates for directorship during the year, and to review periodically and disclose the policy or a summary of the policy in the Company’s corporate governance report and the progress made towards achieving the objectives as set out in the policy. The Nomination Committee should ensure that the selection process is transparent and fair, and that it considers a broad range of candidates who are outside the Board’s circle of contacts and in accordance with the Company’s diversity policy;

- (c) to develop and maintain a policy concerning diversity of Board members and to review periodically and disclose the policy on diversity or a summary of the policy in the Company's corporate governance report;
- (d) review the Board Diversity Policy, as appropriate; and to review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives; and to make disclosure of its review results in the Corporate Governance Report annually;
- (e) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorship and for such purposes, the Committee shall consider individuals on merit and against the objective criteria, with due regard for the benefits of diversity of the Board;
- (f) to ensure sufficient biographical details of nominated candidates are provided to the Board and shareholders to enable them to make a decision regarding selection of the Board members;
- (g) to assess the independence of the independent non-executive Directors and any proposed independent non-executive Directors to determine their eligibility, the perspective, skills and experience that the proposed independent non-executive Director can bring to the Board, his/her contribution to diversity of the Board and ability to devote sufficient time to the Board and Board committees;
- (h) to make recommendations to the Board on the appointment or reappointment of both executive and non-executive Directors (including re-election by the shareholders of directors by rotation) and succession planning for Directors, in particular the chairman and the chief executive;
- (i) to do any such things to enable the Nomination Committee to perform its duties conferred on it by the Board from time to time;
- (j) to conform to and abide by any requirement, direction and regulation that may be prescribed by the Board or contained in the constitutional documents of the Company or imposed by the Listing Rules or the applicable laws;

- (k) to make recommendations to the Board on:
  - (i) the role, responsibilities, capabilities, skills, knowledge and experience required from members of the Board;
  - (ii) the policy on the terms of employment of non-executive Directors;
  - (iii) the composition of the audit committee, remuneration committee and other board committees of the Company;
  - (iv) proposed changes to the structure, size and composition of the Board with due regard for the benefits of diversity on the Board;
  - (v) candidates suitably qualified to become members of the Board;
  - (vi) the selection of individuals nominated for directorship with due regard for the benefits of diversity on the Board;
  - (vii) the re-election by shareholders of the Company of any Directors who are to retire by rotation having regard to their performance and ability to continue to contribute to the Board; and
  - (viii) the continuation (or not) in service of any independent non-executive Director serving more than nine (9) years and to provide recommendation to the shareholders of the Company as to how to vote in the resolution approving the re-election of such independent non-executive Director;
- (l) in respect of any proposed service contracts to be entered into by any members of the Group with its director or proposed director, which require the prior approval of the shareholders of the Company at general meeting under rule 13.68 of the Listing Rules, to review and provide recommendations to the shareholders of the Company (other than shareholders who are directors with a material interest in the relevant service contracts and their respective associates) as to whether the terms of the service contracts are fair and reasonable and whether such service contracts are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote; and
- (m) to consider other matters, as defined or assigned by the Board from time to time.

## **Minutes and records**

22. The secretary of the Nomination Committee shall, at the beginning of each meeting, ascertain and record the existence of any conflicts of interest and minute them accordingly. The relevant member of the Nomination Committee shall not be counted towards the quorum and he must abstain from voting on any resolution of the Nomination Committee in which he or any of his associates has a material interest, unless the exceptions set out in note 1 to Appendix 3 to the Listing Rules apply.
23. The secretary of the Nomination Committee shall keep record of minutes of all Nomination Committee meetings and all written resolutions of the Nomination Committee, and such minutes or written resolutions shall be available for inspection at any reasonable time on reasonable notice by any Director. The secretary shall also keep records of individual attendance of members of the Nomination Committee on a named basis at Nomination Committee meetings held during each financial year of the Company.
24. Minutes of Nomination Committee meetings and all written resolutions of the Nomination Committee shall record in sufficient detail the matters considered by the Nomination Committee members and decisions reached, including any concerns raised by the Nomination Committee members and dissenting views expressed. Draft and final versions of minutes of meeting of the Nomination Committee, or as the case may be, written resolutions of the Nomination Committee, shall be sent to all members of the Nomination Committee for their comment and records respectively, in both cases within a reasonable time after the meeting (generally, meaning within 14 days after the meeting) or before the passing of the written resolutions.
25. The secretary of the Nomination Committee shall also circulate the minutes of meetings, reports and all written resolutions of the Nomination Committee to all members of the Board.

## **Annual general meeting**

26. The chairman of the Nomination Committee or in his absence, another member of the Nomination Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to answer questions at the annual general meeting on the Nomination Committee's activities and their responsibilities.

## **Continuing application of the memorandum and articles of association of the Company**

27. The memorandum and articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Nomination Committee.

## **Powers of the Board**

28. The Board may, subject to compliance with the memorandum and articles of association of the Company and the Listing Rules (including the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules or if adopted by the Company, the Company's own code of corporate governance practices), amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Nomination Committee shall invalidate any prior act and resolution of the Nomination Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

## **Publication of the terms of reference of the Nomination Committee**

29. The Nomination Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the website of the Company and on the website of the Stock Exchange.

*(Adopted on 6 December 2013 and revised on 28 December 2018)*