

# CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED

(the “**Company**”)

*(Incorporated as a business company limited by shares under the laws of the British Virgin Islands)*

(Stock Code: 1278)

## Terms of Reference of Nomination Committee

### 1. INTRODUCTION

- 1.1 The Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKEx**” and the “**Listing Rules**”, respectively) require companies listed on HKEx to set up a nomination committee which reports to the board of directors (the “**Board**”).
- 1.2 Set out below are the terms of reference of the Nomination Committee, including its authorities and duties as well as the procedure regulating the conduct of its meetings.
- 1.3 In the event of any conflict between the provisions of the terms of reference contained herein and the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the “**CG Code**”), the provisions of CG Code shall prevail and the terms of references of the Nomination Committee set out hereunder shall be deemed amended to such extent as may be necessary to remove such conflict.

### 2. CONSTITUTION AND AUTHORITY

- 2.1 The Nomination Committee is constituted by resolutions of the Board pursuant to the Company’s Articles and Association.
- 2.2 The Nomination Committee shall have the authority to:
  - (a) establish a formal and transparent process for the appointment of new directors to the Board and the re-election of directors of the Company (the “**Directors**”) retiring by rotation;
  - (b) assess the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board;
  - (c) take such action within its terms of reference (as set out in paragraph 4 below) as it deems fit, having regard to the principles of corporate governance and CG Code, including but not limited to requiring information from the officers and employees of the Company; and
  - (d) obtain such independent professional advice if necessary. The expenses in respect of the engagement of such advisors shall be borne by the Company.

2.3 The Nomination Committee shall be provided with sufficient resources to discharge its duties.

### **3. MEMBERSHIP**

3.1 The members of the Nomination Committee shall be appointed by the Board from amongst its members.

3.2 The Nomination Committee shall comprise of not less than three (3) members, the majority of whom shall be independent non-executive Directors.

3.3 The Chairman of the Nomination Committee shall be the chairman of the Board or an independent non-executive Director.

3.4 A member who wishes to retire or resign from the Nomination Committee shall notify the Board by giving at least one (1) month's notice in writing.

3.5 The office of a member shall become vacant upon the member's resignation/retirement/removal or disqualification as a Director.

3.6 The Board shall fill any vacancy in the Nomination Committee within three (3) months of the vacancy arising.

### **4. TERMS OF REFERENCE**

4.1 The Nomination Committee shall:

- (a) review the structure, size and composition of the Board at least annually and make recommendations to the Board regarding any proposed changes. In reviewing and assessing the Board composition, the Nomination Committee should consider a number of aspects, including but not limited to the balance between executive and non-executive Directors and between independent and non-independent Directors, Directors' gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience, having regard at all times to the principles of corporate governance and CG Code;
- (b) discuss and agree on the measurable objective for achieving diversity on the Board and recommend to the Board for adoption. The Nomination Committee should maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth;
- (c) review the Board Diversity Policy on a regular basis and recommend revisions, if any, to the Board for consideration and approval;

- (d) identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of candidates nominated (whether by the Board, shareholders or otherwise) for appointment to the Board, taking into account the candidate's track record, age, experience, capabilities and other relevant factors;
- (e) make recommendations to the Board having regard to the Director's contribution and performance (for instance, attendance, preparedness, participation and candour) on relevant matters relating to the appointment or re-appointment of Directors (including independent non-executive Directors) in accordance with the Company's articles of association (the "**Articles of Association**") and succession planning for Directors in particular the chairman of the Board and the chief executive officer;
- (f) assess the performance of the Board as a whole;
- (g) review and assess the appropriateness of the appointments of executive Directors who concurrently hold executive appointments at the Company's parent company in the event the Company and its subsidiaries (the "**Group**") and the parent group of the Company (other than the Group) engage in the same business and/or compete with each other for the same project;
- (h) identify and make recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each annual general meeting of the Company, having regard to the Directors' contribution and performance (such as their attendance, preparedness, participation and candour), including, if applicable, as independent Directors;
- (i) assess the independence of independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules and other salient factors. In addition:
  - (i) to aid the determination by the Nomination Committee, every Director shall, on appointment, and subsequently on an annual basis, submit to the Company Secretary a return (to be provided by the Company Secretary) as to his independence;
  - (ii) an independent non-executive Director shall immediately notify the Company Secretary if, as a result of a change in circumstances, he may no longer meet the criteria for independence. The Nomination Committee shall, after considering the change in circumstances in the light of the principles of corporate governance and CG Code, determine whether such Director continues to be independent and shall make recommendations to the Board on the actions (if any) to be taken to maintain the independent element on the Board;

- (iii) if the Nomination Committee determines that a Director who has one or more of the relationships mentioned in Rule 3.13 of the Listing Rules is nevertheless independent, it shall (i) disclose in full to the Board the nature of such Director's relationships and provide its views to the Board for Board's consideration; and (ii) be responsible for explaining why such Director should be considered independent; and
- (iv) the Nomination Committee also has the discretion to determine that a Director is non-independent even if he does not fall under the circumstances set forth in Rule 3.13 of the Listing Rules.
- (j) decide, in relation to a Director who has multiple board representations, whether or not such Director is able to and has been adequately carrying out his duties as Director of the Company. If the Nomination Committee considers it necessary, it shall make recommendations to the Board on the guidelines to be implemented to address the competing time commitments faced by Directors serving on multiple boards and to determine the maximum number of listed company board representations which any Director may hold, and disclose this in the Company's Annual Report;
- (k) ensure that, in connection with the re-election of Directors at annual general meetings of the Company, sufficient information is provided to the shareholders so as to enable them to make an informed decision;
- (l) identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
- (m) review all candidates nominated for appointment as the Company's chairman, chief executive officer, deputy chairman, deputy chief executive officer, chief financial officer or other officer by whatever name called who has responsibilities and functions similar to any of the said officers;
- (n) put in place plans for succession, in particular, of the Chairman of the Board and the chief executive officer of the Company;
- (o) conduct rigorous review on the independence of any Director who had served on the Board beyond nine (9) years from the date of his appointment, and the Board should explain why any such Director should be consider independent;
- (p) make recommendations to the Board on matters relating to the review of training and professional development programs for the Board;

- (q) approving the appointment of alternate Directors only for limited period in exceptional cases such as when a Director has a medical emergency, and the Nomination Committee and the Board should ensure that an alternate Director to an independent non-executive Director should similarly qualify as an independent;
- (r) procure that at least one-third (1/3) of the Board shall comprise of independent non-executive Directors (or such other minimum proportion and criteria as may be specified in CG Code from time to time); and
- (s) propose, for approval by the Board, objective performance criteria (that allows comparison with the Company's industry peers) to evaluate the effectiveness of the Board as a whole. Once approved by the Board, the performance criteria shall not be changed without proper justification from the Board. In drawing up such performance criteria, the Nomination Committee shall consider, *inter alia*, the following (and such other factors as may be specified in CG Code from time to time):
  - (i) comparison with the Company's industry peers;
  - (ii) how the Board has enhanced long term shareholders' value;
  - (iii) the Company's share price performance over a five-year period vis-à-vis the Hang Seng Index and a benchmark index of its industry peers;
  - (iv) return on assets;
  - (v) return on equity;
  - (vi) return on investment; and
  - (vii) economic value added.

The Chairman of the Board should act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of Directors, in consultation with the Nomination Committee.

## **5. MEETINGS**

- 5.1 Unless varied by this Terms of Reference, meetings and proceedings of the Nomination Committee shall be governed by the provisions in the Articles of Association regulating the meetings and proceedings of the Board and the committees formed by it.
- 5.2 Meetings of the Nomination Committee shall be held at least once a year. A meeting may be called by the Chairman or any member of the Nomination Committee.

- 5.3 The other Directors and the executive officers of the Company (and of its group companies) may only attend meetings of the Nomination Committee at its invitation.
- 5.4 Save for exceptional circumstances, at least seven (7) days' notice of meetings of the Nomination Committee shall be given to its members, informing of the date, time, venue and agenda and the papers for the meeting shall be provided to the members of the Nomination Committee at least three (3) working days prior to the date of the meeting.
- 5.5 Meetings of the Nomination Committee may be conducted by means of telephone or audiovisual conferencing or other methods of simultaneous communication by electronic, telegraphic or other means by which all persons participating in the meeting are able to hear and be heard at all times by all other participants. The minutes of such meeting signed by the Chairman of the Nomination Committee shall be conclusive evidence of the proceedings of any meeting conducted as aforesaid.
- 5.6 The quorum for meetings of the Nomination Committee shall be any two (2) members present and voting.
- 5.7 All decisions of the Nomination Committee shall be made via a simple majority of the votes cast. In the event of an equality of votes, the Chairman of the Nomination Committee shall have a second or casting vote.
- 5.8 Provided that a resolution in writing signed by all the members of the Nomination Committee shall be as valid and effectual as if it had been passed at the meeting of the Nomination Committee duly convened and held. Any such resolution may consist of several documents in like forms, each signed by one or more members.
- 5.9 The minutes of meetings of the Nomination Committee shall be circulated to all the members of the Nomination Committee, and may, if the Chairman of the Nomination Committee so decides, be circulated to the other members of the Board. Any Director may, provided that there is no conflict of interest and with the agreement of the Chairman of the Nomination Committee, request and obtain copies of such minutes.

## **6. REPORTING**

- 6.1 The Nomination Committee shall prepare work reports for presentation to the Board and to prepare summary of work reports for inclusion in the Company's annual report.
- 6.2 The Chairman (or in his absence, another member) of the Nomination Committee shall attend the Company's annual general meeting and be prepared to answer questions regarding the appointment of any Director.

## **7. REMUNERATION**

- 7.1 Having regard to the functions performed by the members of the Nomination Committee in addition to their functions as Directors, the members of the Nomination Committee may be paid such remuneration in respect of their appointment on the Nomination Committee as shall be fixed by the Board from time to time. For the avoidance of doubt, such remuneration shall be in addition to the fees payable to them as Directors.

*(Adopted by the Company pursuant to the board resolution passed on 31 March 2017 and amended pursuant to the board resolution passed on 16 April 2021.)*