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**Terms of Reference for the  
Nomination Committee of  
SUN ART RETAIL GROUP LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 06808)**

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### **Constitution**

The Board of Directors (the “**Board**”) of Sun Art Retail Group Limited (the “**Company**”) hereby constitutes and establishes a Nomination Committee (the “**Nomination Committee**”) with authority, responsibilities and duties as described below.

### **Purpose**

The Nomination Committee is appointed by the Board of the Company with a view to assisting the Board in reviewing the structure, size and composition of the Board pursuant to the Diversity Policy of the Board (“**Board Diversity Policy**”), identifying individuals suitably qualified to become members of the Board, and assessing the independence of independent non-executive directors pursuant to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the nomination policy adopted by the Board (the “**Board Nomination Policy**”).

### **Membership**

1. Members of the Nomination Committee shall be appointed by the Board from amongst the directors of the Company.
2. The Nomination Committee shall consist of not less than three members, a majority of whom shall be independent non-executive directors.
3. The Chairman of the Nomination Committee shall be appointed by the Board and shall be the Chairman of the Board or an independent non-executive Director.
4. Appointments to the Nomination Committee shall be for a period of up to three years, which may be extended by the Board provided that a majority of the Nomination Committee members remain independent non-executive Directors.

### **Quorum**

A quorum shall be at least two members of the Nomination Committee of whom at least one shall be an independent non-executive Director.

## **Secretary**

Unless it is agreed otherwise, the Company Secretary of the Company shall assume the role of Secretary for the Nomination Committee, who is well positioned to facilitate communication between the Board and the Nomination Committee and to access information required by Nomination Committee members in pursuit of their duties.

## **Meetings**

1. The Nomination Committee shall meet at least once every year, and when necessary or as requested by any member of the Nomination Committee. The Nomination Committee may also take action by the unanimous written consent of all of its members.
2. An agenda and other relevant documents should be sent in full to all Directors in a timely manner and at least three days before the intended date of a meeting of the Nomination Committee (or such other period as may be agreed by its members).
3. Meetings of the Nomination Committee may follow the same procedures as those for meetings of the Board under the relevant provisions in the Company's articles of association, as amended from time to time.
4. Board members shall also have the right of attendance.
5. Full minutes of the Nomination Committee should be kept by the Secretary of the Nomination Committee.
6. The draft and final versions of the minutes of the Nomination Committee meetings should be sent to all members for their comment and records respectively within a reasonable time after each meeting.
7. The Secretary of the Nomination Committee shall maintain records of all approved minutes and reports.

## **External Advice**

The Company should provide the Nomination Committee sufficient resources to perform its duties. Where necessary, the Nomination Committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.

## **Authority**

The Board authorises the Nomination Committee:

1. to perform activities within the scope of these terms of reference;
2. to engage independent counsel and other independent professional advisers as it deems necessary to carry out its duties;
3. to obtain information required by Nomination Committee members in pursuit of their duties, and have access to members of management and other employees for such purpose;

4. to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external nomination consultant who advises the Nomination Committee; and
5. to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or imposed by applicable legislation (including but not limited to the Listing Rules).

### **Duties and Responsibilities**

1. The duties of the Nomination Committee shall include:
  - a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board with reference to the Listing Rules, the Board Diversity Policy and nomination criteria as set out in the Board Nomination Policy at least annually and making recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy;
  - b) giving full consideration to succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future;
  - c) identifying individuals suitably qualified to become Directors, considering and assessing the perspectives, skills and experience that the individual can bring to the board and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;
  - d) considering and assessing the possible contribution to be brought by the individual to the diversity of the Board;
  - e) assessing the independence of independent non-executive Directors;
  - f) before appointments are made by the Board, evaluating the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation preparing a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee shall (where applicable and appropriate):
    - (i) consider candidates from a wide range of backgrounds; and
    - (ii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
  - g) keeping under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;
  - h) keeping up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

- i) reviewing annually the time required from non-executive Directors. Performance evaluations should be used to assess whether the non-executive Directors are spending enough time in fulfilling their duties; and
  - j) ensuring that on appointment to the Board, all 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.
2. The Nomination Committee shall also make recommendations to the Board concerning:
- a) formulating plans for succession for both executive and non-executive Directors, in particular the Chairman and the chief executive of the Company;
  - b) membership of the Company's audit and remuneration committees, in consultation with the chairmen of those committees;
  - c) 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;
  - d) the continuation (or not) in service of any Director who has reached the age of 70;
  - e) 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;
  - f) 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
  - g) the appointment of any Director to executive or other office, other than to the positions of chairman and chief executive officer, the recommendation for which shall be considered at a meeting of the full Board.

### **Nomination Policy**

The provisions set out in "Duties and Responsibilities" paragraphs 1(a) to (f) and 2(a) to (g) 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 "**Board Nomination Policy**").

### **Nomination Procedures**

1. The Nomination Committee shall consider suitability of an individual pursuant to the Listing Rules, the Board Nomination Policy and Board Diversity Policy, and the independence of an individual for the position of independent non-executive director.
2. The Nomination Committee shall make recommendation to the Board's for consideration.

3. The Board shall consider the individual recommended by the Nomination Committee pursuant to the Listing Rules (including the corporate governance code as Appendix 14 to the Listing Rules), the Board Nomination Policy and Board Diversity Policy.
4. For casual vacancy and addition of new directors, the Board shall confirm the appointment of the individual and the new director shall be subjected to re-election by shareholders of the Company at the next annual general meeting in accordance with the articles of association of the Company.
5. For re-appointment of retiring directors, the Board shall, based on the recommendation of Nomination Committee, recommend the retiring directors to stand for re-election at the annual general meeting. The appointment of retiring directors shall be subjected to the approval of shareholder at the annual general meeting.
6. The Board reserves the right to final decision on the matters in relation to the selection and appointment of directors.

### **Reporting responsibilities**

The Nomination Committee should regularly update the Board about its activities and report to the Board on their findings, decisions and recommendations.

### **Terms available**

The Nomination Committee shall make these Terms available on The Stock Exchange of Hong Kong Limited's and the Company's websites, respectively, in order to explain its role and authority delegated to it by the Board.