

# **ESPRIT HOLDINGS LIMITED**

## **NOMINATION COMMITTEE**

### **TERMS OF REFERENCE\***

#### **1. CONSTITUTION**

The Board has resolved to establish a Committee of the Board to be known as the Nomination Committee (“Nomination Committee”).

#### **2. DUTIES**

The Nomination Committee is responsible for the following (as may from time to time be varied or supplemented by the Board):

- (a) To review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes.
- (b) To identify individuals suitably qualified to become Board member(s) and select or make recommendations to the Board on the selection of individuals nominated for directorships.
- (c) To assess the independence of the Independent Non-executive Directors.
- (d) To make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive Officer, and the Nomination Committee shall take into account the challenges and opportunities facing the Company and therefore, what skills and expertise are needed on the Board in the future.
- (e) To keep under review the leadership needs of the organization, both Executive Directors and Non-Executive Directors, with a view to ensuring the continued ability of the organization to compete effectively in the market place, and in this connection, to keep up-to-date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- (f) To make recommendations to the Board concerning membership of the Audit Committee and the Remuneration Committee, in consultation with the respective Chairmen of those Committees.

#### **3. MEMBERSHIP**

- (a) The Nomination Committee shall be appointed by the Board from amongst the Executive Directors and/or the Non-Executive Directors of the Company.
- (b) The Nomination Committee shall consist of not less than three (3) members, at least one of which shall be an Independent Non-Executive Director.

- (c) Appointments to the Nomination Committee shall be co-terminus with the directorship of the relevant members (whether by retirement, rotation or otherwise).
- (d) The Board shall appoint the Nomination Committee Chairman. In the absence of the Chairman and/or his appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

#### **4. SUPPORT FROM THE COMPANY**

The Nomination Committee is authorised by the Board to utilize all such resources as are required for it to discharge its duties and to have access to professional advice if considered necessary.

#### **5. MEETING**

##### **(a) Notice**

- (i) Meetings of the Nomination Committee shall be summoned by the chairman or the Company Secretary or a person designated by the Company Secretary at the request of any of its members.
- (ii) Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Nomination Committee, and any person required to attend, at least 3 days before the date of the meeting. Supporting papers shall be sent to Nomination Committee members and to other attendees as appropriate, at the same time.
- (iii) Only members of the Nomination Committee have the right to attend Nomination Committee meetings. However, other individuals such as the Chairman, the Chief Executive Officer, the Head of Human Resources and external advisers, may be invited to attend for all or part of any meeting, as and when appropriate.
- (iv) If the Chairman or the Chief Executive Officer acts as chairman of the Nomination Committee, he shall not chair the Nomination Committee when it is dealing with the matter of succession to the chairmanship or the position of Chief Executive Officer.

##### **(b) Quorum**

The quorum necessary for the transaction of the business of the Nomination Committee shall be two, at least one of which must be a Non-Executive Director. A duly convened meeting of the Nomination Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Nomination Committee.

##### **(c) Participation**

Members may participate in any meeting of the Nomination Committee by means of a conference telephone or other communication equipment through which all

persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.

**(d) Frequency of Meetings**

The Nomination Committee shall meet at least once a year and at such other times as any member of the Nomination Committee shall require.

**(e) Minutes of Meeting**

- (i) The Company Secretary or a person designated by the Company Secretary shall be appointed by the Nomination Committee to act as its secretary and the secretary shall minute the proceedings and resolutions of all Nomination Committee meetings, including the names of those present and in attendance.
- (ii) Minutes of Nomination Committee meeting shall be circulated promptly to all members of the Nomination Committee.

**6. ANNUAL GENERAL MEETING**

The Chairman of the Nomination Committee (or if he is not able to attend, his delegate who must be a member of the Nomination Committee) shall attend the annual general meetings and be prepared to respond to any questions from shareholders with respect to the activities of the Nomination Committee.

**7. REPORTING PROCEDURE TO THE BOARD**

- (a) The Nomination Committee shall make whatever recommendations to the Board it deems appropriate on any areas within its remit where action or improvement is needed, and it shall compile a report on its activities for the Board to consider in the context of preparing the Company's annual report.
- (b) The minutes discussed and approved by the Nomination Committee will be made available to the Board. In addition, the Nomination Committee will report formally to the Board in respect of its decisions and/or recommendations, or any significant matters of interest, after each meeting in case these matters are not sufficiently covered in the minutes or should be reported upon before the minutes are circulated.
- (c) The delegation to the Nomination Committee is always subject to compliance with the applicable laws, regulations and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Approved by the Board at its meeting held on June 22, 2005

\* *The updated version of these Terms of Reference in compliance with the new Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited with effect from April 1, 2012 is pending the approval by the Board at the forthcoming Board Meeting.*