

AEON STORES (HONG KONG) CO., LIMITED

永旺（香港）百貨有限公司

(the “Company”)

(Stock Code: 984)

**TERMS OF REFERENCE AND OPERATION
OF
NOMINATION COMMITTEE**
(Revised on 18 January 2019)

Membership

1. The Nomination Committee (the “**Committee**”) shall consist of at least three members and a majority of the members shall be independent non-executive directors appointed by the board of directors (the “**Board**”) of the Company from time to time.
2. The chairman of the Committee shall be the Chairman of the Board.

Frequency and proceedings of meetings

3. The Committee shall meet at least once annually.
4. The quorum of a meeting shall be two members of the Committee.
5. Proceedings of meetings of the Committee shall be governed by the provisions of Article 120 of the Articles of Association of the Company.
6. The Company Secretary or in his absence, his delegate shall act as the secretary of the Committee meetings.

Authority and Duties

7. The Committee shall:
 - (a) review the structure, size and composition (factors including but not limited to gender, age, cultural and educational background, professional qualification, skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
 - (b) identify individuals suitably qualified to become members of the Board on merit and against objective criteria and with due regard for the benefits of diversity on the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;
 - (c) assess the independence of the independent non-executive directors;

- (d) review the policy for diversity of the Board (“**Board Diversity Policy**”), as appropriate, and review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives;
- (e) review the policy for the nomination of directors (“**Nomination Policy**”), as appropriate. This includes the nomination procedures and process and criteria to select and recommend candidates for directorship set out in the Nomination Policy;
- (f) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive, taking into account the Company’s corporate strategy and the mix of skills, knowledge, experience and diversity of the Board needed in the future;
- (g) be provided sufficient resources to perform its duties; and
- (h) where necessary, seek independent professional advice, at the Company’s expense, to perform its responsibilities.

18 January 2019

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BOARD DIVERSITY POLICY

(18 January 2019)

PURPOSE

The aim of this Policy is to set out the approach to achieve diversity on the Company’s board of directors (the “**Board**”).

VISION

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

POLICY STATEMENT

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board’s composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

MEASURABLE OBJECTIVES

It is set out below a list of measurable objectives for selection of candidates. The list is only an indication of factors relevant to the selection of candidates to be considered by the nomination committee of the Company (“**Nomination Committee**”) and shall not be regarded as conclusive nor exhaustive in nature. Where appropriate, the Nomination Committee may take into account and/or further adopt and/or weight against one another such factor(s) relevant to the business to be transacted.

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|---|----------------------------|---|
| 1 | Age | 18 or over. |
| 2 | Gender | Welcome both genders with no preference for any particular proportion. |
| 3 | Professional qualification | At least one Independent Non-executive Director shall possess appropriate professional qualifications in finance and accounting and meets the requirements of Rule 3.10 of the Listing Rules. |
| 4 | Composition | One third of the Board or minimum three members shall be Independent Non-executive Directors to meet the requirements of Rules 3.10 & 3.10A of the Listing Rules. |

- 5 Service period Independent Non-executive Directors' tenure (as at the date of re-appointment) could be relevant to the determination of a Non-Executive Directors' independence. Re-appointment of Independent Non-executive Director serving more than 9 years should be in full compliance with the Listing Rules requirements.
- 6 Other experience Knowledge and experience which may contribute to the business of the Company.
- 7 Any other relevant factors

MONITORING AND REPORTING

The Nomination Committee will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy.

REVIEW OF THIS POLICY

The Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

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NOMINATION POLICY

(18 January 2019)

Introduction

1. This policy sets out the procedures, process and criteria adopted by the nomination committee of the Company (“**Nomination Committee**”) to select and recommend candidates for directorships.

Nomination criteria

2. When considering a candidate nominated for directorship or a director’s proposed re-appointment, the Nomination Committee will have regard to the following factors:
 - 2.1 age, skills, knowledge, experience, expertise, professional and educational qualifications, background and other personal qualities of the candidate;
 - 2.2 effect on the Board's composition and diversity;
 - 2.3 commitment of the candidate to devote sufficient time to effectively carry out his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organizations, and other executive appointments or significant commitments will be considered;
 - 2.4 potential/actual conflicts of interest that may arise if the candidate is selected;
 - 2.5 independence of the candidate;
 - 2.6 in the case of a proposed re-appointment of an independent non-executive director, the number of years he/she has already served the Company; and
 - 2.7 other factors considered to be relevant by the Nomination Committee on a case by case basis.

Nomination procedures and process

3. Subject to the provisions in the Company’s Articles of Association, if the Board recognizes the need to appoint or re-appoint a director, the following procedures should be followed:
 - 3.1 the Nomination Committee identifies or selects candidate(s) recommended to the Nomination Committee, with or without assistance from external agencies or the Company, pursuant to the criteria set out in section 2.1 herein;
 - 3.2 the Nomination Committee may use any process it deems appropriate to evaluate the candidate(s), which may include personal interviews, background checks, presentations or written submissions by the candidate(s) and third party references;
 - 3.3 the Nomination Committee will hold meeting(s) to consider and approve the matter or make decisions by written resolutions;
 - 3.4 the Nomination Committee provides to the Board with all the information required including information set out in Rule 13.51(2) of the Listing Rules in relation to the candidate(s);

- 3.5 the Nomination Committee makes recommendation to the Board including the terms and conditions of the appointment;
- 3.6 the Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee;
- 3.7 all appointments of directors should be confirmed by a letter of appointment or director service agreement setting out the key terms and conditions of the appointment of the directors; and
- 3.8 pursuant to Rule 13.74 of the Listing Rules, where shareholders are required to vote on electing or re-electing a director or directors, the circular accompanying the notice of the relevant general meeting should contain all the information of the candidate(s) required under Rule 13.51(2) of the Listing Rules.

Nomination by shareholders

4. The shareholders of the Company may also propose a person for election as a director, details of which are set out in the “Procedures for Nominating Directors for Election from Shareholders” of the Company.