

NOMINATION COMMITTEE REPORT



The Nomination Committee considered that the HSH Board has in place a diverse mix of skills, knowledge and experience, as well as increased gender diversity

Focus 2015

We are pleased that Dr Kim L. Winser has joined us as an Independent Non-Executive Director (INED) from 1 January 2016 and that Mr Matthew J. Lawson will join us as our new Chief Financial Officer from 3 May 2016.

Role and Composition

The key role of our Nomination Committee is to keep under review the size, structure and composition of the Board. This includes the selection of new Directors for the purpose of replacement and/or maintaining an appropriate, adequate and balanced make-up of the Board that could effectively discharge its responsibilities and the review of independence of INEDs. The Nomination Committee met twice in 2015 and also dealt with a matter by written resolution.

Chairman: The Hon. Sir Michael Kadoorie
(Non-Executive Chairman)

Members: Dr the Hon. Sir David K.P. Li (INED)
Dr William K.L. Fung (INED)

Main Activities in 2015

In 2015, with the assistance of external search consultants, we identified two new Directors and recommended their appointments to the Board: Dr Kim Winser who joined the Board as INED on 1 January 2016 and Mr Matthew Lawson who will come on board on 3 May 2016 as a replacement for the position of the Chief Financial Officer. The Nomination Committee also conducted the following business in 2015:

- ✓ Assessed and reviewed INEDs' confirmations of independence and affirmed the Committee's view over their independence
- ✓ Recommended the re-election of retiring Directors as these Directors continue to contribute effectively

- ✓ Reviewed the structure, size and composition of the Board and the split between number of INEDs, Non-Executive Directors and Executive Directors
- ✓ Reviewed the value of having measurable objectives for implementing the Board Diversity Policy
- ✓ Reviewed the terms of reference of Nomination Committee

Boardroom Diversity

The Company approaches diversity in the broadest sense, recognising the benefits of a diverse mix of skills, knowledge, age, race, gender and experience on its Board including accounting, business, finance, legal, corporate and public sector management, banking, hospitality and online-retail experience. The Nomination Committee, when considering Board composition and in its process of recommending Board appointments, is guided by the principles of the Company's policy on diversity. While we recognise the gender diversity at Board level can be improved and this is taken into consideration, we continue to apply the principle of appointments based on merit. This year, our Committee continued with that diversity approach identifying a new INED and Chief Financial Officer. The objectives that we set for our external search consultants are described in page 119.

The Nomination Committee considered that the HSH Board has in place a diverse mix of skills, knowledge and experience, as well as increased gender diversity with the appointment of the two female members on the Board. In reviewing the appropriateness of an express diversity quota or measurable objective, our Committee concluded that it was not necessary, and the selection would continue to be based on merit with diversity being a factor taken into consideration. This approach is approved by the Board.

On behalf of the Nomination Committee



The Hon. Sir Michael Kadoorie
Chairman of the Nomination Committee
 16 March 2016