

NOMINATION COMMITTEE REPORT

The Nomination Committee

The Nomination Committee is delegated by the Board with the primary responsibility to formulate and implement the policy for nominating Board candidates for election by Shareholders, assess INED's independence and review the time required from Directors to perform their responsibilities. Its terms of reference are available on the HKEX website [ORG](#).

The Nomination Committee comprises 5 INEDs whose names and biographies are set out in the Board and Committees section of the 2015 Annual Report.

The Nomination Committee held 2 meetings in 2015. Members' attendance records are disclosed in the Corporate Governance Report in the 2015 Annual Report.

Summary of Work in 2015/2016

- Nominated Board candidates for election by Shareholders at the 2015 and 2016 AGMs
- Reviewed and endorsed amendments to the Board Nomination Policy
- Reviewed the independence of the 12 INEDs and the candidate who will be nominated to stand for election at the 2016 AGM
- Reviewed time commitment from Directors to perform their responsibilities
- Reviewed the succession plan for the Board

Changes in Directors during 2015

In March 2015, the Government appointed Anita Fung and Rafael Gil-Tienda and re-appointed John Harrison and Margaret Leung to the Board, each for a term of approximately 2 years from the close of the 2015 AGM until the conclusion of the AGM to be held in 2017.

At the 2015 AGM, T C Chan, Fred Hu and John Williamson were elected by Shareholders, each for a term of approximately 3 years from 29 April 2015 until the conclusion of the AGM to be held in 2018.

Stephen Hui and Michael Lee retired from the Board after the conclusion of the 2015 AGM.

Retiring Directors

The service terms of C K Chow and Tim Freshwater (Government Appointed Directors) and Oscar Wong (Elected Director) will expire at the conclusion of the 2016 AGM.

Board Diversity

HKEX sees increasing diversity at the Board level as an essential element in attaining its strategic objectives and achieving sustainable and balanced development for the Group. Since 2013, HKEX has followed the Board Diversity Policy which is available on the HKEX website [CG](#).

The Nomination Committee reviews the Board structure, size and diversity annually and recommends any proposed changes to the Board to complement HKEX's corporate strategies. During 2015, the Nomination Committee endorsed, and the Board approved, a proposal to set a maximum tenure of 12 consecutive years for the Non-executive Directors to be eligible for nomination by the Board to stand for re-election by Shareholders. The proposal is aimed at further enhancing Board diversity and striking an appropriate balance between continuity of experience and refreshment of the Board.

Nomination of Candidate

On 22 February 2016, the Nomination Committee recommended the Board nominate Apurv Bagri to stand for election by Shareholders at the 2016 AGM. The nomination has been made in accordance with the Board Nomination Policy and the objective criteria (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service), with due regard for the benefits of diversity, as set out under the Board Diversity Policy. Given Mr Bagri's background and vast experience in the non-ferrous metals futures trading business, his appointment would help broaden the Board diversity and enhance its performance. The Nomination Committee was satisfied with Mr Bagri's independence having regard to the criteria under the Listing Rules. Mr Bagri does not have any service contracts with any member of the Group that are not determinable by the Group within 1 year without compensation (other than statutory compensation). His particulars will be set out in the circular to Shareholders to be sent together with the 2015 Annual Report and posted on the HKEX website [IR](#).

Independence of Non-executive Directors

An independent Board has the benefit of providing objective judgement and constructive challenge to the viewpoints presented by management. Non-executive Directors' independence is assessed upon appointment, annually and at any other time where the circumstances warrant reconsideration.

Assessment upon Director's Appointment

Anita Fung and Rafael Gil-Tienda, upon their appointment, confirmed in writing to the SFC:

- their independence having regard to the criteria under Main Board Listing Rule 3.13; and
- they have no past or present financial or other interest in the Group's business and no connection with any of HKEX's core connected persons (as defined in the Main Board Listing Rules).

Ongoing Assessment

- Each INED is required to inform HKEX as soon as practicable if there is any change in his or her own personal particulars that may affect his or her independence. No such notification was received during 2015.
- None of the Directors have any financial, business, family or other material/relevant relationships with each other, in particular, between HKEX's Chairman and Chief Executive.
- Details of the Directors' interests in the Group's business are set out on pages 81 and 82 of the 2015 Annual Report.

The Nomination Committee at the meeting held on 22 February 2016 also assessed the annual confirmation of independence received from each INED, having regard to the criteria under Main Board Listing Rule 3.13.

Annual Assessment

- As a good corporate governance practice, every Nomination Committee member abstained from assessing his own independence.
- Particular attention was given to assessing the independence of the Government Appointed Directors (including C K Chow, who is an Executive Councillor) given that the Government is a Minority Controller of HKEX.
- Consideration was given to the independence of Bill Kwok, Vincent Lee and Oscar Wong, who have been serving on the Board for more than 9 years.
- The Nomination Committee affirmed that all INEDs continued to demonstrate strong independence in judgement and were free from any business or other relationship which could interfere with their ability to discharge their duties effectively, and they therefore all remained independent.

Members of the Nomination Committee

CHOW Chung Kong (Chairman)

CHAN Tze Ching, Ignatius

Timothy George FRESHWATER

HU Zulu, Fred

John Mackay McCulloch WILLIAMSON

Hong Kong, 22 February 2016