



**Fu Shek Financial Holdings Limited**

**富石金融控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**Stock Code: 2263**

(the “**Company**”)

**TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE  
(THE “COMMITTEE”)**

*(Adopted by the Company on 22 January 2020)*

**1. MEMBERSHIP**

- 1.1 Members of the Committee shall be appointed by the board (the “**Board**”) of directors of the Company and shall consist of not less than three non-executive Directors.
- 1.2 The majority of the members of the Committee shall be independent non-executive directors (collectively, the “**INEDs**” and each, an “**INED**”).
- 1.3 The appointment of the members of the Committee may be revoked, replaced or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee. An appointment of a member of the Committee shall be automatically revoked if such member ceases to be a member of the Board.
- 1.4 The term of each Committee member shall be the same as his/her term as a Director. Subject to the constitutions of the Company and the applicable laws and regulations, any member of the Committee may be re-appointed to the Board and continue to act as a member of the Committee upon expiry of his/her term of appointment relating thereof.
- 1.5 A member of the Committee who ceases to be a member of the Board shall immediately and automatically cease to be a member of the Committee and the Board shall fill the vacancy according to clause 1.1.
- 1.6 Each member shall disclose to the Committee:
  - (i) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or
  - (ii) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Committee.

## 2. CHAIRMAN

The chairman of the Committee shall be appointed by the Board and must be an INED.

## 3. SECRETARY

The company secretary (the “**Company Secretary**”) of the Company shall be the secretary of the Committee. In the absence of the Company Secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Committee, shall attend the meeting of the Committee and take minutes.

## 4. PROCEEDINGS OF THE COMMITTEE

4.1 Unless otherwise specified hereunder, the provisions contained in the Company’s Articles of Association (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Committee.

4.2 Any resolution shall be passed by the majority votes of the members of the Committee who attend the meeting and a majority vote of the members present shall represent an act of the Committee.

### 4.3 Quorum

4.3.1 The quorum for meetings of the Committee shall be any two members (at least one of whom should be an INED).

### 4.4 Frequency of meetings

4.4.1 The Committee shall hold at least one regular meeting in a year. Additional meetings of the Committee may be held as and when required.

### 4.5 Attendance at meetings

4.5.1 Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication or in such other manner as the members may agree.

4.5.2 The other directors, Company Secretary (or his/her delegate(s)), human resources officer and relevant senior management and persons(s) invited by a Committee member may attend meetings of the Committee from time to time where the Committee considers their presence necessary or appropriate to assist the Committee to perform its duties.

4.5.3 The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants, to advise its members.

#### **4.6 Notice of meetings**

4.6.1 A meeting of the Committee may be convened by any of its members through the Company Secretary.

4.6.2 Unless otherwise agreed by all the members of the Committee, notice (containing details of the venue, time and date of the meeting) of at least 14 days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given.

4.6.3 Agenda and accompanying supporting papers shall be sent to all members of the Committee and to other invited attendees as appropriate at least 3 days before the date of the meeting (or such other period as the members may agree).

#### **4.7 Minutes of meetings**

4.7.1 Draft and final versions of minutes of Committee meetings shall be sent to all Committee members for their comment and records within a reasonable time after the meeting.

4.7.2 Minutes of the Committee meetings shall be kept by the Company Secretary and shall be available for inspection by any member of the Committee or the Board at any reasonable time on reasonable notice.

#### **4.8 Written resolutions**

4.8.1 Without prejudice to any requirement under the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, written resolution may be passed and adopted by all members of the Committee.

### **5. RESPONSIBILITIES AND AUTHORITIES OF THE COMMITTEE**

5.1 The responsibilities and authorities of the Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Listing Rules (as amended from time to time).

5.2 The Committee is authorised by the Board to determine the policy for the remuneration of executive Directors, assessing performance of executive Directors and approving the terms of executive Directors’ service contracts. Remuneration levels should be sufficient to attract and retain Directors to run the Company successfully without paying more than necessary. It shall ensure that no Director should be involved in deciding his own remuneration.

5.3 The Committee should be provided with sufficient resources to perform its duties.

- 5.4 The Committee should consult the chairman of the Board and/or chief executive of the Company about their remuneration proposals for other executive directors.
- 5.5 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 5.6 Management of the Company is obliged to supply the Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a member of the Committee requires more information than is the information provided voluntarily by the management of the Company, the relevant member of the Committee shall make additional necessary enquiries. Each member of the Committee shall have separate and independent access to the management of the Company.
- 5.7 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings of the Committee if it considers necessary.
- 5.8 Without prejudice to any requirement under the CG Code, the duties of the Committee include the following:
- (a) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
  - (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
  - (c) either:
    - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or
    - (ii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management.
- This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) to make recommendations to the Board on the remuneration of non-executive directors;
  - (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

- (f) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and that are otherwise reasonable and appropriate;
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration;
- (i) to advise shareholders of the Company on how to vote in respect of any service contracts of Directors that require shareholders' approval in accordance with the Listing Rules;
- (j) to determine the criteria for assessing employee performance, which should reflect the Company's business objective and targets;
- (k) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- (l) to conform to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by law.

## **6. REPORTING RESPONSIBILITIES**

- 6.1 The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 6.2 The Company shall disclose details of any remuneration payable to members of senior management by band in its annual reports.
- 6.3 On an annual basis, the Committee shall evaluate and assess the effectiveness of the Committee and the adequacy of these Committee Terms of Reference and recommend any proposed changes to the Board.
- 6.4 Minutes of meetings of the Committee and the record of individual attendance at such meetings shall be prepared by the Company Secretary which shall be sent to all committee members of the Committee as soon as practicable after the conclusion of any meeting of the Committee. Those minutes should be kept by the Company Secretary and should be open for inspection at any reasonable time on reasonable notice by any member of the Board.

- 6.5 Minutes of meetings of the Committee should record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes of meetings of the Committee should be sent to all committee members of the Committee for their comment and records respectively, in both cases within a reasonable time after the meeting is held.

## **7. ANNUAL GENERAL MEETING**

The chairman of the Committee or in his absence, another member of the Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions at the annual general meeting on the Committee's work and responsibilities.

## **8. AMENDMENTS TO TERMS AND AVAILABILITY OF TERMS**

- 8.1 The Committee shall, from time to time, review its own performance, constitution and terms of reference to ensure that it is operating effectively, and recommend any changes it considers to the Board for approval.
- 8.2 The terms may be reviewed by the Board from time to time taking into consideration the operations of the Committee and its contribution to the corporate governance of the Company, as well as any amendments to the Listing Rules from time to time.
- 8.3 The Committee shall make available these terms by publishing them on the websites of the Stock Exchange of Hong Kong Limited and the Company.

*Note:* If there is any inconsistency between the English and Chinese versions of these Terms of Reference, the English version shall prevail.

For the purpose of these Terms of Reference, "senior management" means the same persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules, as such rule may be amended from time to time.