



**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 NOMINATION 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 at least three members.
- 1.2 The majority of the members of the Committee shall be independent non-executive directors (collectively, the “**INEDs**” and each, an “**INED**”) of the Company.
- 1.3 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.
- 1.4 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.

**2. CHAIRMAN**

The chairman of the Committee shall be appointed by the Board and shall either be the chairman of the Board or 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 two members, at least one of whom shall be INED. A duly convened meeting of the 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 Committee.

#### **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 Without prejudice to any requirement under the CG Code, the duties of the Committee include the following:

- (a) to review the structure, size and composition (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, industry and regional experience and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, with due regard to the diversity of the Board;

- (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, having due regard to the policy concerning diversity of Board members, (“**Board Diversity Policy**”), the requirements in the Company’s constitution, the Listing Rules and applicable laws and regulations, and the relevant candidates’ contributions to the Board in terms of qualifications, skills, experiences, independence and gender diversity. In identifying suitable individuals, the Committee shall consider individual on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;
- (c) to assess the independence of INEDs;
- (d) when identifying and nominating individuals to become INEDs, to assess whether and why such individuals would be able to devote sufficient time to the Board if he/she will be holding his/her seventh (or more) listed company directorship;
- (e) before appointments are made by the Board, evaluating the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation preparing a description of the roles and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall, where applicable and appropriate:
  - (i) use public advertising or the services of external recruiters to facilitate the search;
  - (ii) consider candidates from a wide range of backgrounds; and
  - (iii) consider candidates on merit and against objective criteria, taking note that appointees should have enough time to devote to the position;
  - (iv) to make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive;
  - (v) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;
  - (vi) where the board proposes a resolution to elect an individual as an INED at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:
    - the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent;

- if the proposed INED will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board;
  - the perspectives, skills and experience that the individual can bring to the Board; and
  - how the individual contributes to diversity of the Board; and
- (vii) to set a policy concerning diversity of Board members, and should disclose the policy or a summary of the policy in the corporate governance report. The Board diversity will differ according to the circumstances of the Company. Diversity of Board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. The Company should take into account its own business model and specific needs, and disclose the rationale for the factors it uses for this purpose; and
- (viii) 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;
- (f) to develop, review and disclose the policy for nomination of directors (the “**Nomination Policy**”), as appropriate, in the Company’s corporate governance report annually. The Nomination Policy shall set out, inter alia, the nomination procedures, process and criteria to select and recommend candidates for directorship;
- (g) develop Board Diversity Policy and consider factors including but not limited to the following factors: gender, age, culture, perspectives, education background, and previous experience; review the policy and the progress on achieving the objectives set for implementing the policy and should disclose the policy or a summary of the policy in the corporate governance report annually;
- (h) keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (i) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (j) ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly the expectations of them in terms of time commitment, committee service and involvement outside Board meetings;

- (k) review and assess the adequacy of the corporate governance guidelines of the Company and to recommend any proposed changes to the Board for approval;
  - (l) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
  - (m) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's constitution or imposed by legislation.
- 5.3 The Committee shall be provided with sufficient resources to perform its duties and shall seek, at the Company's expense, independent professional advice to perform its responsibilities if necessary.
- 5.4 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.
- 5.5 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.
- 5.6 The Committee is authorised by the Board to determine the nomination of Directors, the procedures, process and criteria to be adopted for purposes of selecting and recommending candidates for directorship.

## **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 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.
- 6.3 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.

- 6.4 Minutes of meetings of the Committees 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.