



*(Incorporated in Hong Kong with limited liability)*  
(Stock code: 345)

## **TERMS OF REFERENCE REMUNERATION AND NOMINATION COMMITTEE**

### **1. Membership**

The Committee shall be appointed by the Board consisting of a majority of Independent Non-executive Directors whose terms shall run concurrently with their terms as Directors. Three members shall constitute a quorum provided that at least a majority of Independent Non-executive Directors shall be present throughout each meeting.

### **2. Chairman**

The Chairman of the Committee shall be selected amongst the Independent Non-executive Directors of the Company and shall be appointed by the Board. If at any meeting the Chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose one of the other Independent Non-executive Directors to act as Chairman of such meeting.

### **3. Proceedings of Meetings**

Notice of at least 14 days should be given of a regular committee meeting. An agenda and accompanying meeting papers should be sent in full to all committee members at least three days before the intended date of committee meeting. Any member may request for meetings by giving notice in writing to the Chairman of the Committee of not less than seven days' notice. Questions arising at the meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes, the Chairman shall have a second or casting vote.

### **4. Annual General Meetings**

The Chairman of the Committee shall attend the Company's annual general meetings and be available to respond to any Shareholders' questions on the Committee's activities or decisions or in his/her absence, another member of the Committee.

## 5. Terms of Reference

The terms of reference of the committee should include:-

### A. Remuneration

- (a) to approve the Company's policy and structure for all Directors' and Senior Management's remuneration and the establishment of a formal and transparent procedure for developing remuneration policy which align with the Group's culture, risk appetite and its long-term strategic goals;
- (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) to ensure that a significant proportion of remuneration is structured so as to link rewards to corporate and individual performance, and designed to promote the long-term success of the Group;
- (d) to determine, with delegated responsibility, the remuneration packages of individual Executive Directors and Senior Management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment;
- (e) to make recommendations to the Board on the remuneration of Non-executive Directors;
- (f) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (g) to review and approve the design of, and determine targets for, any performance-related pay schemes (which shall be transparent, stretching and rigorously applied) operated by the Company/Group and monitor their operation and approve the total annual payments made under such schemes, including the terms of any malus or claw-back arrangements, if any under any employee share schemes;
- (h) to review the design of all employee share schemes for approval by the Board and shareholders (if applicable). For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors, Senior Management and other employees and the performance targets to be used;
- (i) to administer all aspects of any employee share schemes operated by or to be established by the Company in accordance with the rules of that scheme and any applicable legal and stock exchange requirements and with any local or any other local tax requirements;

- (j) 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;
- (k) to operate any of the Company's employee share schemes as they apply to Directors and/or other Senior Management. It shall approve the grants to employees other than the Executive Director(s), recommend to the Board the total aggregate amount of any grants to employees and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to the amendment);
- (l) to liaise or to delegate power to a Board Committee or authorized person/s to liaise with the trustee/s of any employee share scheme which is created by the Company for the Directors, Senior Management or other employees;
- (m) to revise, finalise, execute, and/or issue all necessary documents, and/or take any and all such further actions as are reasonably necessary to give effect to any employee share scheme as approved by the Board, including but not limited to grants under any approved employee share scheme;
- (n) 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 are otherwise reasonable and appropriate; and
- (o) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

## **B. Nomination**

- (a) to review the structure, size, composition and diversity (including the skills, knowledge, experience, gender and age) of the Board at least annually and make recommendations on any proposed changes to the Board with due regard for the benefits of diversity and to complement the Company's corporate strategy and for succession planning purpose;
- (b) to review and make recommendations to the Board, as appropriate, a policy concerning diversity of the board members, and the appropriateness and effectiveness of the board diversity policy in compliance with the requirements of the Listing Rules;
- (c) to establish measurable objectives for achieving diversity on the Board and report the initiatives undertaken to achieve and progress in achieving the measurable objectives; and disclose its review results in the Corporate Governance Report annually;
- (d) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorship;

- (e) to review and make recommendations to the Board, as appropriate, the Director Nomination policy, and the appropriateness and effectiveness of the policy in compliance with the requirements of the Listing Rules;
- (f) to assess whether a candidate for an independent non-executive director (“INED”) appointment shall meet the criteria as defined in the Listing Rules and to set out in the circular to shareholders to elect the person as INED at the general meeting as required under the Listing Rules;
- (g) to assess the independence of independent non-executive directors (“INED”) and review INEDs’ annual confirmations on their independence having regard to the criteria set out under the Listing Rules;
- (h) to review the contributions required from directors and assess whether sufficient time has been given in performing their responsibilities;
- (i) to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors having regard to the independence, diversity and other factors as required under the Listing Rules, including the chairman and the group chief executive officer; and
- (j) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or imposed by the law or in accordance with the Listing Rules.

### **C. Culture**

- (a) to review, assess and approve the adequacy of the statement which sets out corporate culture and behavioural standards;
- (b) to review and satisfy that the corporate culture statement is translated into policies and procedures, including, but not limited to, staff recruitment, training and incentive systems;
- (c) to review the effectiveness of assessment and feedback mechanisms as well as incentive systems to ensure the desired culture and values are understood and shared by all levels of staff and to foster a sound corporate culture; and
- (d) *with the assistance of Group Internal Audit*, to introduce regular process to review the effectiveness and alignment of corporate culture with the corporate governance compliance functions, including business conduct, ethics, regulatory compliance, risk management and internal control.

## **6. Outside Professional Services**

The Committee is authorised by the Board, at the expense of the Company, to obtain outside legal or other independent professional advice and to secure the attendance, at meetings, of outsiders with relevant experience and expertise if it considers this necessary.

## **7. Minutes and Reports**

Minutes shall be maintained of all the meetings of the Committee and be signed by the Chairman and kept by a duly appointed secretary of the Committee meeting. A summary report on the proceedings or written resolutions of the Committee shall be presented to the Board at the subsequent Board meeting.

Information in relation to the Committee and its work report shall be included for the accounting period in the Corporate Governance Report in the Annual Report as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) from time to time.

*“Senior Management” refers to the persons referred to in the Company’s annual report as senior management of the Company. It is the responsibility of the Directors of the Company to determine which individual or individuals constitute Senior Management. Senior Management may include Group Chief Operating Officer, Group Chief Financial Officer, Heads/Market Leaders of the Group’s subsidiaries, or others as in the opinion of the Company’s Directors, is appropriate.*

Updated on 22 March 2022

~ End ~