

**Huishang Bank Corporation Limited**  
**Terms of Reference of the Nomination and Remuneration Committee**  
**under the Board of Directors**

**Chapter 1 General Provisions**

**Article 1** The Terms of Reference are hereby formulated in accordance with the “Guidelines on Corporate Governance of Commercial Banks”, the “Guidelines on Due Diligence Performance of the Board of Directors of Joint Stock Commercial Banks”, the Articles of Association of Huishang Bank Corporation Limited (the “Articles”), the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “Hong Kong Listing Rules”) and other relevant rules and regulations, to regulate the activities of the Nomination and Remuneration Committee under the Board of Directors of Huishang Bank Corporation Limited (the “Bank”), to standardize working procedures, to establish and improve the system for the selection, review and remuneration of the directors and members of senior management and to promote the sound, stable and sustainable development of the Bank.

**Article 2** The Nomination and Remuneration Committee is a specialised working body established by the Board of Directors of the Bank pursuant to the Articles. The purpose of the Nomination and Remuneration Committee is to formulate the selection procedure and criteria for the directors and members of senior management, to conduct preliminary review on the qualifications of the directors and members of senior management, and to make recommendations to the Board of Directors. It shall also be in charge of preparing the evaluation and remuneration packages for the directors and members of senior management, making recommendations regarding the evaluation and remuneration packages to the Board of Directors, and supervising the implementation of these purposes.

**Chapter 2 Composition of the Committee**

**Article 3** The Nomination and Remuneration Committee shall comprise of at least three directors, a majority of whom shall be independent non-executive directors, and none of whom shall be directors nominated by the controlling shareholders.

**Article 4** Committee members of the Nomination and Remuneration Committee shall be nominated by the chairman of the Board of Directors and finalized upon consideration and approval by the Board of Directors.

**Article 5** There shall be one chairman of the Nomination and Remuneration Committee. An independent non-executive director shall serve as chairman of the Nomination and Remuneration Committee, and the chairman shall preside over the Committee. The chairman shall be elected by more than half of all the committee members of the Nomination and Remuneration Committee and the decision shall be finalized upon consideration and approval by the Board of Directors.

**Article 6** The term of office of the committee members of the Nomination and Remuneration Committee shall be the same as the term of office for directors on the

Board of Directors. If any committee member ceases to hold the position of director during the term, they will automatically lose their qualification as committee member. The Board of Directors shall reappoint the necessary number of committee members pursuant to the Articles and this Terms of Reference.

### **Chapter 3 Principal Duties**

**Article 7** The Nomination and Remuneration Committee shall perform the following duties:

- (1) to develop the procedures and selection criteria for the selection process of directors and members of senior management, and to make recommendations to the Board of Directors;
- (2) to conduct preliminary reviews of the qualifications of potential directors and members of senior management (particularly the chairman and president of the Bank), and to make recommendations to the Board of Directors;
- (3) to make recommendations to the Board of Directors on the structure, number, size and composition of the Board of Directors (inclusive of their skills, knowledge and experience), based on the business operations, asset scale and equity structure of the Bank;
- (4) to identify candidates who are qualified to serve as directors and members of senior management, and establishing a reserve pool of key personnel;
- (5) to assess the independence of the independent non-executive directors;
- (6) to develop appraisal criteria for directors and members of senior management, to organize regular performance appraisals for directors and members of senior management, and to submit the appraisal results to the Board of Directors;
- (7) to review the remuneration management system and policies of the Bank, prepare proposals on the appraisal and remuneration for directors and members of senior management, make recommendations to the Board of Directors, and monitor the implementation of such proposals;
- (8) to make recommendations to the Board of Directors for implementing the remuneration packages of executive directors and members of senior management;
- (9) to review compensation payable to executive directors and members of senior management for any loss or termination of office or appointment, and making recommendations to the Board of Directors;
- (10) to review compensation arrangements relating to dismissal or removal of directors for misconduct, and to make recommendations to the Board of Directors;
- (11) to ensure that no director or any of their associates (within the meaning of Hong

Kong Listing Rules) is involved in deciding their own performance appraisal and remuneration, except for the self-assessment aspect of their performance evaluation; and

(12) to carry out any other matters as authorized by the Board of Directors.

**Article 8** Proposed candidates for directors shall be reviewed by the Board of Directors before appointment by the shareholders' general meeting, while proposed candidates for members of senior management shall be reviewed and then appointed by the Board of Directors.

**Article 9** The Nomination and Remuneration Committee shall be accountable to the Board of Directors. The remuneration package for the directors shall be submitted to the Board of Directors for approval and may only be implemented after further approval from the shareholders' general meeting. The remuneration package for the members of senior management may only be implemented upon submission and approval by the Board of Directors.

**Article 10** The Nomination and Remuneration Committee shall formulate and, where appropriate, review the Board Diversity Policy, and annually disclose relevant policies or summaries in the Corporate Governance Report.

#### **Chapter 4 Procedures and Rules for Meetings**

**Article 11** The Nomination and Remuneration Committee shall formulate annual work plans. It shall convene committee meetings regularly each year, and convene interim meetings in a timely manner if necessary. A notice of a committee meeting shall be given to all committee members at least five (5) working days before the committee meeting is convened. The Office of the Board of Directors shall be responsible for delivering the relevant materials to all the committee members simultaneously. The committee meeting shall be presided over by the chairman of the Nomination and Remuneration Committee. In the event that the chairman is unable to attend the committee meeting, he/she may appoint another committee member to chair the committee meeting.

**Article 12** A meeting of the Nomination and Remuneration Committee shall only be convened with the presence of more than two-thirds of the committee members. If any committee member is unable to attend the committee meeting for any reason, they shall state the reasons in writing and authorize another committee member in writing to exercise the voting rights on their behalf. In addition, the proxy from, shall specify the authorization.

**Article 13** Each committee member of the Nomination and Remuneration Committee shall be entitled to one (1) vote. Resolutions at the committee meeting must be passed by the votes of more than half of all committee members.

**Article 14** Voting at meetings of the Nomination and Remuneration Committee shall be by way of open ballot voting or, if necessary, by way of communication and other

methods.

**Article 15** Committee members of the Nomination and Remuneration Committee shall abstain from the meeting of the Nomination and Remuneration Committee if matters are discussed which relate to that particular committee member.

**Article 16** The Nomination and Remuneration Committee shall keep records, resolutions or minutes of all committee meetings. Committee members present at a committee meeting shall sign on the resolutions or the minutes of the committee meeting to assume their respective legal liability. The records, resolutions or minutes of the committee meetings shall be kept by the Office of the Board of Directors of the Bank.

**Article 17** The resolutions passed at meetings of the Nomination and Remuneration Committee and the voting results shall be reported to the Board of Directors in writing, and shall be kept by the Office of the Board of Directors. A copy of the same documents shall be submitted to the Board of Supervisors at the same time.

**Article 18** The Nomination and Remuneration Committee may engage agencies to provide professional advice to assist its decision making, and such fees shall be borne by the Bank.

**Article 19** The Nomination and Remuneration Committee shall provide independent opinion to the Board of Directors or shareholders' meeting in relation to the following matters:

- (1) appointment and removal of directors;
- (2) the appointment or dismissal of members of senior management;
- (3) remuneration of directors and members of senior management of the Bank.

## **Chapter 5 Supplementary Provisions**

**Article 20** Any matters not mentioned in this Terms of Reference, or any conflicts between this Terms of Reference and the promulgated or amended laws, administrative regulations, departmental rules, the provisions of the securities regulatory authorities of the jurisdictions in which the Bank's shares are listed or the Articles, shall be resolved with reference to the national laws, administrative regulations, departmental rules, the provisions of the securities regulatory authorities of the jurisdictions in which the Bank's shares are listed or the Articles.

**Article 21** The Board of Directors has the power to interpret and to amend this Terms of Reference.

**Article 22** This Terms of Reference have been approved by the Board of Directors and shall become effective from the date on which the H Shares under the Global Offering of the Bank are listed and traded on The Stock Exchange of Hong Kong

Limited. Once these Terms of Reference become effective, the original Terms of Reference of the Nomination and Remuneration Committee of the Bank shall automatically lapse.