

PUBLIC FINANCIAL HOLDINGS LIMITED

Terms of Reference

Remuneration Committee of the Board

Objectives of the Committee

1. To review and make recommendations to the Board of Directors (the “Board”) of Public Financial Holdings Limited (the “Company”) on the overall remuneration policy of the Executive Directors, Chief Executive and Senior Management and to establish a formal and transparent procedure for developing the remuneration policy of the Company and its subsidiaries (the “Group”).
2. To review the management remuneration proposals with reference to the Board’s goals and objective.
3. To review and make recommendations to the Board the remuneration packages of the Executive Directors, Chief Executive and Senior Management.
4. To review and make recommendations to the Board the compensation payable to the Executive Directors, Chief Executive and Senior Management in connection with any loss or termination of their office or appointment, and the compensation arrangements relating to dismissal or removal of Directors for misconduct.

Composition

1. The Committee members shall be appointed by the Board from amongst the Non-Executive Directors and shall consist of not less than three members. A majority of the Committee members shall be Independent Non-Executive Directors.
2. The Chairman of the Committee shall be an Independent Non-Executive Director.

3. The Head of Personnel Department of Public Finance Limited, or the Head of Human Resources Department of Public Bank (Hong Kong) Limited (“PBHK”), or in their absence, the Chief Executive of PBHK, shall be the secretary of the Committee.
4. Where there is a specific need for information or clarification on any matters, the relevant staff may be invited to attend the specific part(s) of the Committee’s meeting(s).

Authority

1. 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.
2. The Committee is authorised by the Board to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Functions

1. To review annually and recommend to the Board on the overall remuneration policy and structure for the Executive Directors, Chief Executive and Senior Management to ensure that rewards commensurate with their contributions to the Group’s growth and profitability; and that the remuneration policy supports the Group’s objectives and shareholder value and is consistent with the Group’s culture and strategy; and on the establishment of a formal and transparent procedure for developing the remuneration policy.
2. To review annually the performance of the Executive Directors, Chief Executive and Senior Management and recommend to the Board specific adjustments in remuneration and/or reward payments if any reflecting their contributions for the year; and which are competitive and consistent with the Group’s objectives, culture and strategy.

3. To review regularly and recommend to the Board the level of remuneration for Non-Executive Directors and Independent Non-Executive Directors, and ensure that the level of remuneration for Non-Executive Directors and Independent Non-Executive Directors are linked to their level of responsibilities undertaken and contributions in terms of time commitment to the effective functioning of the Board.
4. To keep abreast of the terms and conditions of service of the Executive Directors, Chief Executive and Senior Management including their total remuneration package for market comparability. Reviews and recommends changes to the Board whenever necessary.
5. To review and recommend to the Board the compensation payable to the Executive Directors, Chief Executive and Senior Management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Group.
6. To review and recommend to the Board the compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.
7. To ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

Quorum

To constitute a quorum, at least three members must be present and two of whom shall be an Independent Non-Executive Director.

Minutes

Minutes must be prepared to record fully all decisions and matters dealt with by the Committee and tabled to the Board for noting. A record of the attendance at each meeting should be maintained.

Frequency of Meetings

Meetings shall be held not less than once a year.

Attendance at Meetings

Other Board members, the Chief Executive and Senior Management may be consulted and/or invited to attend meetings.