# Minshang Creative Technology Holdings Limited

民商創科控股有限公司

(the "**Company**")

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

## Remuneration Committee's terms of reference

**(Revised on 29 November 2018)**

The board of directors (the "**Board**") of the Company has on 8 November 2016 resolved to establish a committee of the Board known as the Remuneration Committee (the "**Remuneration Committee**"), with effect from the listing date of the Company, a summary of its constitution and particular duties are set out below:-

### 1. Functions

The Remuneration Committee is appointed by the Board with a view to:

(a) make recommendations to the directors on the policy and structure for all remuneration of the directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration;

(b) determine the terms of the specific remuneration package of the directors and senior management; and

(c) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the directors from time to time.

### 2. Membership

2.1 The Remuneration Committee members (the "**Members**") shall be appointed by the Board and should comprise a minimum of three Members.

2.2 The majority of the Members shall be independent non-executive director.

2.3 The Board shall appoint the chairman of the Remuneration Committee ( the "**Chairman**"). The Chairman must be an independent non-executive director of the Company.

2.4 The term of each appointment to the Remuneration Committee Members shall be determined by the Board upon appointment.

## 3. Secretary

3.1 The company secretary of the Company or his or her nominee shall act as the secretary of the Remuneration Committee.

3.2 No Director should be involved in and shall abstain from discussion in deciding the nomination of his associates.

3.3 The Remuneration Committee may from time to time, appoint another secretary with appropriate qualification and experience.

3.4 The Chairman, in consultation with the director responsible for human resources function (the "**Responsible Director**") and the secretary of the Remuneration Committee, should be primarily responsible for drawing up and approving the agenda for each Remuneration Committee meeting. The Chairman, with the assistance of the secretary, shall ensure that all members shall receive sufficient information in a timely manner to enable effective discussion at the Committee meeting. The Chairman shall, with the assistance of the Responsible Director, brief all Members on issues arising at each Committee meeting.

## 4. Meetings

4.1 At least one meeting will be held each year.

4.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be sent to each Member of the Remuneration Committee, and to any other person required to attend in relation to all regular meetings of the Remuneration Committee, at least 14 days before the date of the meeting; and in relation to continued meetings held within 14 days, no prior notice is required.

4.3 The quorum of Remuneration Committee meetings shall be two members, one of them should be an independent non-executive director.

4.4 Meeting can be attended in person or via electronic means including telephonic or the Members of the Remuneration Committee may attend meetings either in person, by telephone or through other electronic means of communication (which are available to all attended parties).

4.5 Resolutions of the Remuneration Committee shall be passed with a majority of votes.

4.6 Resolutions signed by all Members of the Remuneration Committee will be treated valid as if it is passed in the meeting held by the Remuneration Committee.

## 5. Attendance of Meetings

5.1 Upon invitation from the Remuneration Committee, the chairman of the Board and/ or the general manager or the chief executive officer, external advisor and the other Board members can be invited to attend all or part of any of the meetings as it considers appropriate but such executive directors, member of senior management or other individuals are not entitled to vote at the meetings.

5.2 Only the Remuneration Committee Members shall have the voting powers.

5.3 Each Remuneration Committee Member shall disclose to the Remuneration Committee:

(a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Remuneration Committee; or

(b) any potential conflict of interest arising from a cross-directorship.

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

## 6. Annual general meetings

6.1 The Chairman shall endeavour to attend the annual general meetings of the Company and be prepared to respond to any shareholder questions on the Remuneration Committee's activities. If the Chairman is unable to attend, a Member of the Remuneration Committee (who must be an independent non-executive director) shall attend the annual general meeting of the Company. Such person shall be prepared to respond to any shareholder questions on the Remuneration Committee's activities.

## 7. Duties and Responsibilities

In addition to any other responsibilities which may be assigned from time to time by the Board, the duties and responsibilities of the Remuneration Committee shall be:

7.1 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;

7.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

7.3 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;

7.4 to make recommendations to the Board on the remuneration of non-executive directors;

7.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries (collectively the "**Group**");

7.6 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;

7.7 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;

7.8 to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;

7.9 with respect to any service contracts of directors that require shareholders' approval under Rule 13.68 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), to advise the Board as to whether the terms are fair and reasonable, whether such contracts are in the interests of the Company and its shareholders as a whole;

7.10 to appraise the Board of significant developments in the course of performing the above duties;

7.11 to ensure the Company discloses details of any remuneration payable to members of senior management by band in the annual reports of the Company;

7.12 to do any such things to enable the Remuneration Committee to perform its functions conferred on it by the Board; and

7.13 in determining any specific package, the Remuneration Committee shall take into account factors such as salaries paid by comparable companies, time commitment, responsibilities, employment conditions elsewhere in the Group and whether any part of the remuneration package should be performance-based.

## 8. Reporting responsibilities and procedures

8.1 Minutes of the Remuneration Committee meetings shall be kept by the secretary of the Remuneration Committee and shall be available for inspection by any Member of the Remuneration Committee and/or any director of the Company at any reasonable time on reasonable notice. All minutes shall record in sufficient details the matters considered, decisions reached or recommendations made and any concerns raised by any member including dissenting views.

8.2 Draft and final versions of minutes of Remuneration Committee meetings shall be sent to all Remuneration Committee Members for their comments and records respectively, in both cases within a reasonable time after the meeting, subject to any legal or regulatory restrictions restricting such circulation or the making of such reports. Once they are agreed, the secretary of the Remuneration Committee shall circulate the minutes and reports of the Remuneration Committee to all members of the Board.

8.3 After each meeting, the Remuneration Committee shall report formally to the Board on all matters within its duties and responsibilities, and any key decisions made and shall table before the Board an index of meetings and issues discussed.

8.4 The Remuneration Committee should make available these terms of reference by including them on the internet website operated by The Stock Exchange of Hong Kong Limited for the purposes of the Main Board and the Company's website.

## 9. Authority

9.1 The authority of the Remuneration Committee is derived from the Board, therefore the Committee is obliged to report to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions in doing so.

9.2 The Remuneration Committee shall consult the chairman and/or the general manager or the chief executive officer of the Company about their proposals relating to the remuneration of other executive directors and senior management.

9.3 The Remuneration Committee is authorized by the Board when necessary to seek any remuneration information it requires from senior management of the Company in order to discharge its duties.

9.4 The Remuneration Committee is authorized by the Board when necessary to obtain outside legal or other independent professional advice in connection with its duties at the Company's expense, including seeking advice from special personnel consulting groups so as to ensure that the Board remains informed of market trends and practices. The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants to advice its members.

Note: All such arrangements of obtaining outside legal or other independent professional advice may be made by the company secretary.

9.5 The Remuneration Committee shall have access to sufficient resources in order to perform its duties. Where necessary, the Committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.

**10. Interpretation**

Interpretation of these terms of reference shall belong to the Board.

*"Senior management" refers to the same category of persons as referred to in the Company's annual report. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the directors, is appropriate.*