



# The Hong Kong Building and Loan Agency Limited

香港建屋貸款有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 145)

## TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

(Revised on 28 March 2013)

### Membership

1. The members of the remuneration committee (the “Committee”) shall be appointed by the board (the “Board”) of directors (the “Director”) of The Hong Kong Building and Loan Agency Limited (the “Company”) from time to time, a majority of whom shall be independent non-executive Directors.
2. The Board shall appoint the chairman of the Committee who shall be an independent non-executive Director.
3. The company secretary or the head of the group human resources department or a person designated by the Committee or the head of group human resources department shall act as the secretary.

### Frequency and proceedings of meetings

4. The Committee shall meet at least once per year. Additional meetings shall be held as and when necessary.
5. The chairman of the Committee may convene additional meetings at his discretion.
6. The quorum of a meeting shall be two members of the Committee.
7. 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.
8. Proceedings of meetings of the Committee shall be governed by the provisions of the Articles of Association of the Company.

### Duties, powers and functions

9. The Committee shall:-
  - (a) 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;

- (b) 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;
- (c) make recommendations to the Board on the remuneration of non-executive Directors;
- (d) consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (e) 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;
- (f) review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they consistent with contractual terms and are otherwise reasonable and appropriate;
- (g) ensure that no Director or any of his associates is involved in deciding his own remuneration.;
- (h) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and
- (i) ensure that the Company shall disclose details of any remuneration payable to the senior management in the annual reports.

**10. The Committee is authorized by the Board:-**

- (a) to consult the chairman of the Board and/or the chief executive about their proposals relating to the remuneration of other executive directors and senior management. The Committee should have access to independent professional advice if necessary;
- (b) to seek advice from external consultants or advisers whose fees and expenses shall be borne by the Company;
- (c) to seek information from the Company regarding the employment terms of the Directors and employees of the Group; and
- (d) to obtain sufficient resources from the Company to perform its duties.

**Reporting procedures**

- 11. The Secretary of the Committee shall circulate the minutes of the Committee meetings, reports of the Committee and relevant information to all Directors of the Company.**
- 12. The Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report to Board on the findings and recommendations of the Committee.**

## **Terms available**

13. The Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on The Stock Exchange of Hong Kong Limited's website and the Company's website.

*Note: If there is any inconsistency between the English and Chinese versions of this terms of reference, the English version shall prevail.*