



新鴻基有限公司

SUN HUNG KAI & CO. LIMITED

TERMS OF REFERENCE OF REMUNERATION COMMITTEE (THE “COMMITTEE”)

1 Membership

- (a) The Committee shall be appointed by the board of directors of the Company (the “Board” or “Directors”) from amongst the Non-Executive Directors and shall consist of not less than three members, a majority of whom should be Independent Non-Executive Directors (“INEDs”). Where there are only three INEDs as members of the Board, all of them shall be appointed as members of the Committee.
- (b) The Board may at any time remove, suspend or replace any member of the Committee at its option by resolution whereupon the Committee should consist of the remaining or replaced members of the Committee.
- (c) The Chairman of the Committee shall be elected by the Board from amongst the INEDs.
- (d) The Company Secretary of the Company shall be the Secretary of the Committee.

2 Frequency and Proceedings of Meetings

- (a) The Committee shall meet at least once every year; and may meet more often if requested by the Chairman of the Committee or, by any two members of the Committee. Meetings should be arranged by the Secretary of the Committee upon instruction of the Chairman of the Committee.
- (b) A quorum of a meeting shall be two members of the Committee, both of whom must be INEDs. If the Chairman of the Committee is not present at any meeting of the Committee, the members in attendance may appoint a chairman of the meeting.
- (c) A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held and may consist of several documents in like form each signed by one or more of the members of the Committee.
- (d) Save as indicated herein, the proceedings of the Committee shall be governed by the provisions of the Company’s Articles of Association.

3 Attendance at Meetings

- (a) The Chairman of the Board and the Executive Directors may also attend the Committee meetings, if invited, provided that they must not be in attendance when their own respective remuneration packages are being discussed.
- (b) The Secretary of the Committee shall attend all meetings.



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- (c) The Committee may, if necessary, invite the Head of Human Resources Department and other advisors to the meetings to advise its members.

4 Duties and Authorities

The Committee should be provided with sufficient resources to perform its duties, including where necessary, to seek independent professional advice, at the Company's expense, to perform its responsibilities.

The duties and authorities of the Committee shall be:

- (a) to make recommendations to the Board on the Company's policy and structure for all Directors' remuneration and other remuneration matters and on the establishment of a formal and transparent procedure for developing remuneration policy. In principle, remuneration levels should be sufficient to attract and retain Directors to run the Company successfully without paying more than necessary. The Board will upon receipt of the Committee's recommendations discuss the same and then formally adopt a formal and transparent procedure for setting such policies;
- (b) to review and recommend Executive Directors' remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) to make recommendation to the Board on the remuneration packages of individual Executive Directors. This should include benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment). The Committee should consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (d) to make recommendations to the Board on the remuneration of the Non-Executive Directors.
- (e) to review and recommend compensation payable to Executive Directors 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) to review and recommend 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;
- (g) to ensure that no Director or any of his associates is involved in deciding his own remuneration;



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- (h) to ensure the Company to disclose details of any remuneration payable to members of senior management by band in the annual reports;
- (i) to consult the Chairman about their remuneration proposals for other Executive Directors and if necessary, engage such external professional advisors at the expense of the Company to assist and/or advise the Committee but only in accordance with the Company's policy for Directors to seek independent professional advice;
- (j) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- (k) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation or the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") where appropriate.

5 Reporting Procedure

- (a) The Committee should report back to the Board on decisions or recommendations made, unless there are legal and regulatory restrictions to do so.
- (b) At the next meeting of the Board following a meeting/written resolution of the Committee, copy of the minutes of the meeting/resolution setting out the findings, recommendations and decisions of the Committee shall be submitted to the Board.

6 Availability and Update of the Terms of Reference

The terms of reference of the Committee shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. Listing Rules) in Hong Kong. These terms of reference shall be made available to the public by including them on the websites of both the Stock Exchange and the Company.

(Updated as of 26 November 2014)

