



恒隆集團有限公司
HANG LUNG GROUP LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00010)

NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference

(amended and restated with effect from November 10, 2018)

1. Constitution

The Committee was established by the Board on June 20, 2003.

2. Membership

The Committee shall be appointed by the Board. The members of the Committee shall consist of at least three Non-Executive Directors who are independent of management and free of any business or other relationship which could interfere with the exercise of their independent judgement. The majority of the members shall be Independent Non-Executive Directors.

The Chairman of the Committee shall be appointed by the Board and must be an Independent Non-Executive Director.

3. Secretary

A person nominated by the Chairman of the Board shall be the secretary of the Committee. The secretary shall circulate the minutes of meetings of the Committee to all members of the Committee.

4. Attendance at meetings

The Chairman of the Board shall be invited to attend meetings when the Committee considers that his/her attendance can assist it to perform its duties.

The Chairman of the Board will also report to the Committee on significant group-wide changes in salary structure and terms and conditions affecting Executive Directors of the Board and senior management.

5. Frequency and proceedings of meetings

Meetings shall be held not less than once a year.

The quorum for a meeting shall be two members. Proceedings of meetings shall be governed by the provisions of Articles of Association of the Company.

6. Advisers

The Committee is authorized by the Board to seek appropriate professional independent advice inside and outside the Group as and when it considers this necessary.

7. Duties

The duties of the Committee are:

- (a) to review the structure, size and diversity (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, required expertise, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Committee shall consider candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;
- (c) to assess the independence of Independent Non-Executive Directors;
- (d) to make recommendations to the Board on the appointment or re-appointment of Directors of the Board and succession planning for Directors of the Board, in particular the Chairman of the Board and the Chief Executive Officer, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future;
- (e) to review the Board Diversity Policy and the measurable objectives that the Board has set for implementing this Policy and the progress on achieving the objectives, as appropriate; and make disclosure of its review results in the Corporate Governance Report annually;
- (f) to review the appropriateness and relevance of, and to make recommendations to the Board on, the Company's policy and structure for all Directors of the Board and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (g) either to determine, with delegated responsibility, the remuneration packages of individual Executive Directors of the Board and senior management or to make recommendations to the Board on the remuneration packages of individual Executive Directors of the Board 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;
- (h) to make recommendations to the Board on the remuneration of Non-Executive Directors;

- (i) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (j) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (k) to review and approve compensation payable to Executive Directors of the Board 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;
- (l) 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;
- (m) to ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Companies Ordinance and Listing Rules, are fulfilled;
- (n) to ensure that no Director of the Board or any of his/her associates is involved in deciding his/her own remuneration; and
- (o) to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

8. Nomination Policy

The provisions set out in the above paragraphs 7(a), 7(b) and 7(d) are regarded as the key nomination criteria and principles of the Company for the nomination of Directors of the Board, and these provisions constitute the "Nomination Policy" of the Company.