

**THE BANK OF EAST ASIA, LIMITED**

**TERMS OF REFERENCE**

**of**

**THE REMUNERATION COMMITTEE**

## **1. CONSTITUTION**

The Board of Directors had resolved to establish a committee known as the "Remuneration Committee" to formulate and review the remuneration policy and the specific remuneration packages of Directors, Senior Management<sup>1</sup> and Division Heads of the Bank.

## **2. MEMBERSHIP**

2.1 The Committee members shall be appointed by the Board from amongst the Non-executive Directors of the Bank and shall consist of not less than two members. A majority of the members of the Remuneration Committee should be Independent Non-executive Directors.

2.2 The Chairman of the Committee shall be appointed by the Board.

2.3 The Committee comprises the following members:

Chairman	:	Dr. Allan Wong Chi-yun*
Members	:	Mr. Aubrey Li Kwok-sing
		Mr. Thomas Kwok Ping-kwong*
		Mr. Winston Lo Yau-lai*
		Mr. Eric Li Fook-chuen

\* Independent Non-executive Directors

The quorum of any Remuneration Committee meeting is two members, of which at least one should be Independent Non-executive Director.

2.4 The Company Secretary shall act as the Secretary of the Committee.

## **3. FREQUENCY OF MEETINGS**

Meetings shall be held not less than once a year.

## **4. DUTIES**

The specific duties of the Committee shall be:

- (a) to make recommendations to the Board on the Bank's policy and structure for all remuneration of Directors, Senior Management and Division Heads and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

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<sup>1</sup> Senior Management: Deputy Chief Executives.

- (b) to make recommendation to the Board on the remuneration packages of Directors, Senior Management and Division Heads, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. The Remuneration Committee should consider factors such as salaries paid by comparable banks, time commitment and responsibilities of the Directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;
- (c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (d) to review and approve the compensation payable to Directors, Senior Management and Division Heads 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 Bank;
- (e) to review and approve 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; and
- (f) to ensure that no director or any of his associates is involved in deciding his own remuneration.

## **5. REPORTING PROCEDURES**

- (a) The Secretary shall present the minutes of meetings of the Committee to all members of the Board.
- (b) Corporate Governance Report in the Annual Report

Disclosures<sup>2</sup> should include:

- (i) the role and function of the Committee;
- (ii) the composition of the Committee (including names and identifying in particular the Chairman of the Committee);
- (iii) the number of meetings held by the Committee during the year and the record of individual attendance of members, on a named basis, at meetings held during the year; and
- (iv) a summary of work, including determining the policy for the remuneration of executive Directors, assessing performance of executive Directors and approving the terms of executive

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<sup>2</sup> Pursuant to paragraphs 2(f) (i) to (iv) of Appendix 23 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Directors' service contracts, performed by the Committee during the year.

**6. REMUNERATION**

An amount of HK\$50,000 should be paid to the Chairman of the Committee and HK\$30,000 should be paid to each of the other Committee members.

**7. FREQUENCY OF REVIEW**

This Terms of Reference should be reviewed on an annual basis and as required.