

## REMUNERATION COMMITTEE TERMS OF REFERENCE

Updated: December 28, 2010

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### Remuneration Committee

#### **i. Membership**

- a. The committee members shall be appointed by the Board for a term of 3 years and shall consist of not less than two members.
- b. A majority of the members of the Remuneration Committee should be Independent Non-executive Directors.
- c. The Chairman of the Committee shall be appointed by the Board of Wing Hang Bank (the “Bank”).
- d. The quorum of any Remuneration Committee Meeting should comprise of at least two members, one of them should be an Independent Non-executive Director. If one of the two members is not an Independent Non-Executive Director, the Independent Non-Executive Director should have the veto.
- e. The Secretary is appointed by the Bank.
- f. Meetings shall be held at least once a year.

#### **ii. Authority & Duties**

- a. Oversees the design and operation of the remuneration system of the Bank and its subsidiaries, including Wing Hang Bank China and Banco Weng Hang. (the “Group”) and ensure that regular (at least annual) review of the remuneration policy, system and operation in compliance with legal and regulatory requirement is conducted independently of Management. Internal Audit Division is assigned to conduct regular review, the scope of which is determined by the Internal Audit Division or the Audit Committee in accordance with the Bank’s remuneration policies.
- b. Make recommendations in respect of remuneration policy and practices to the Board and report to the Board on any material issues or matters in relation to the Group’s remuneration system and operations.
- c. Makes recommendations to the Board on the remuneration of directors, senior management, namely General Manager, Group Executives, Head of Internal Audit Division and staff members whose remuneration need to be disclosed in the annual report.
- d. Evaluate and approve any practices by which remuneration is paid based on potential future revenues whose timing and likelihood are uncertain.

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- e. Review and approve performance-based remuneration by reference to corporate goals and objectives as determined by the Board from time to time; HKMA's Key Performance Indicators and the financial performance of peer banks.
- f. Review and approve compensation arrangements relating to dismissal or removal of directors for misconduct, and to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.
- g. Ensure that no director or any of his associates is involved in deciding one's own remuneration.
- h. Ensure compliance monitoring and review procedures are in place at each subsidiary in China and Macau with respect to its remuneration system and operation at local level. The result of the compliance review should be reported to the Remuneration Committee.
- i. Work closely with other relevant committees of the Board such as the Audit Committee on matters relevant to the discharge of the duties of the Remuneration Committee.
- j. If considered necessary, seek professional advice on remuneration related issues from external advisors, and such advice shall be provided directly to the Remuneration Committee.

### **iii. Disclosure**

- a. The Chairman of the Remuneration Committee shall present the minutes of Remuneration Committee meetings to members of the Board.
- b. Ensure the required disclosures in the Corporate Governance Report in the Annual Report are in accordance with relevant regulatory or Listing Rule requirements.

Such disclosure shall include:

- the role and responsibilities of the Remuneration Committee;
- the constitution of the Committee (including names and identifying in particular the Chairman of the Committee); and
- the number of meetings held by the Committee during the year.
- as required under SPM CG-5