

# THELLOY DEVELOPMENT GROUP LIMITED

## 德萊建業集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1546)

(the “Company”)

### **Terms of Reference of the Remuneration Committee (the “Committee”) of the board (the “Board”) of directors (the “Directors”) of the Company**

#### **1. CONSTITUTION**

The Committee is established pursuant to a resolution passed by the Board at its meeting held on 22 September 2015 and as revised by the resolutions of the Board with effect from 26 October 2017. The constitution of the Committee shall comply with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) from time to time (the “**Listing Rules**”).

#### **2. MEMBERSHIP**

- 2.1 Members of the Committee shall be appointed by the Board from amongst the members of the Board and shall consist of not less than three members and a majority of whom should be independent non-executive Directors of the Company.
- 2.2 The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive Director.
- 2.3 The company secretary of the Company shall be the secretary of the Committee. In the absence of the secretary of the Committee, Committee members present at the meeting may elect among themselves or appoint another person as the secretary for that meeting.
- 2.4 The appointment of the members of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board. An appointment of Committee member shall be automatically revoked if such member ceases to be a member of the Board.

#### **3. PROCEEDINGS OF THE COMMITTEE**

##### **3.1 Notice:**

- (a) Unless otherwise agreed by all the Committee members (either orally or in writing), a meeting shall be called by at least fourteen (14) days’ notice. Such notice shall be sent to each member of the Committee, and to any other person invited to attend. Irrespective of the length of notice being given, attendance of a Committee member at a meeting constitutes a waiver of such notice unless the Committee member attending the meeting

attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting has not been properly convened.

- (b) A Committee member may and, on the request of a Committee member, the secretary to the Committee shall, at any time summon a Committee meeting. Notice shall be given to each Committee member in person orally or in writing or by telephone or by email or by facsimile transmission at the telephone or facsimile or address or email address from time to time notified to the secretary by such Committee member or in such other manner as the Committee members may from time to time determine.
- (c) Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting.
- (d) Notice of meeting shall state the time and place of the meeting. An agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the meeting should generally be delivered to all Committee members seven days (and in any event not less than three days) before the intended date of the Committee meeting (or such other period as all the Committee members may agree).

3.2 **Quorum:** The quorum of the Committee meeting shall be two members of the Committee and one of whom shall be an independent non-executive Director.

3.3 **Frequency:** Meetings shall be held at least once every year to set policy on executive Directors' remuneration and to fix the remuneration packages for all Directors.

3.4 No Committee member may vote on any resolution of the Committee regarding his own remuneration.

3.5 A resolution in writing signed by all the Committee members shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the Committee members.

#### **4. OVERRIDING PRINCIPLES**

4.1 Remuneration levels should be sufficient to attract and retain Directors and senior management to run the Company successfully without paying more than necessary.

4.2 No Director should be involved in deciding his own remuneration.

4.3 The Committee should consult the chairman and/or chief executive about their remuneration proposals for other executive Directors. The Committee should have access to independent professional advice if necessary.

## **5. ALTERNATE COMMITTEE MEMBERS**

A Committee member may not appoint any alternate.

## **6. AUTHORITY OF THE COMMITTEE**

6.1 The Committee may exercise the following powers:

- (a) to review any proposed service contract with any Director or senior management before such contract is entered into and to make recommendation to the Company's human resources department for any changes to the proposed terms of such contract;
- (b) to make recommendations regarding the remuneration, bonuses and welfare benefits of the executive Directors and the senior management;
- (c) to request the Board to convene a shareholders' meeting (if necessary) for purposes of removing any Director and to dismiss any employees if there is evidence showing that the relevant Director and/or employee has failed to discharge his duties properly;
- (d) to obtain outside legal or other independent professional advice at the expenses of the Company on any matters within these terms of reference as it considers necessary and to secure the attendance of outsiders with relevant experience and expertise at its meetings, if it considers this necessary;
- (e) to have access to sufficient resources in order to perform its duties;
- (f) to review annually these terms of reference and their effectiveness in the discharge of its duties and to make recommendation to the Board any changes it considers necessary; and
- (g) to exercise such powers as the Committee may consider necessary and expedient so that their duties under section 7 below can be properly discharged.

6.2 The Committee should be provided with sufficient resources to perform its duties.

## **7. DUTIES**

7.1 The duties of the Committee shall be:

- (a) to make recommendations to the Board on the Company's policy and structure for all Director's and senior management remuneration and on the establishment of a formal and transparent procedure for development remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

- (c) either:
  - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or
  - (ii) to 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;
- (d) to make recommendations to the Board on the remuneration of non-executive Directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (f) to 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;
- (g) 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; and
- (h) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

## **8. MINUTES AND RECORDS**

- 8.1 The secretary shall, at the beginning of each meeting, ascertain and record the existence of any conflicts of interest and minute them accordingly. The relevant member of the Committee shall not be counted towards the quorum and he must abstain from voting on any resolution of the Committee in which he or any of his associates has a material interest, unless the exceptions set out in Note 1 to Appendix 3 of the Listing Rules apply.
- 8.2 Full minutes of Committee meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of minutes of the Committee meetings should be sent to all Committee members for their comment and records within a reasonable time after the meeting.
- 8.3 The secretary of the Committee shall keep record of all meetings of the Committee held during each financial year of the Company and records of individual attendance of members of the Committee, on a named basis, at meetings held during that financial year.

## **9. DISCLOSURE**

The Company should disclose details of any remuneration payable to members of senior management by band in their annual reports.

## **10. ANNUAL GENERAL MEETING**

The chairman of the Committee shall attend the annual general meeting of the Company and be prepared to answer questions at the annual general meeting on the Committee's activities and their responsibilities.

## **11. REPORTING RESPONSIBILITIES**

The Committee shall report to the Board after each meeting.

## **12. CONTINUING APPLICATION OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

## **13. POWERS OF THE BOARD**

The Board may, subject to compliance with the articles of association of the Company and the Listing Rules (including the Corporate Governance Code set out in Appendix 14 to the Listing Rules or if adopted by the Company, the Company's own code of corporate governance practices), amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

## **14. PUBLICATION OF THE TERMS OF REFERENCE OF THE COMMITTEE**

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 Company's website and The Stock Exchange's website.

Adopted on 22 September 2015 and amended with effect from 26 October 2017