

**TERMS OF REFERENCE**  
**OF**  
**THE REMUNERATION COMMITTEE**  
**(the “Committee”)**  
**(Revised and adopted on 21 December 2022)**

**Hephaestus Holdings Limited**

**(the “Company”)**

## **1. Establishment**

The Committee was established pursuant to a resolution passed by the board of directors of the Company (the “**Board**”) on 20 March 2006.

## **2. Members**

- (a) Members of the Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three (3) members comprising a majority of independent non-executive directors.
- (b) The chairman of the Committee (the “**Chairman**”) shall be an independent non-executive director appointed by the Board.
- (c) The secretary of the Committee (the “**Secretary**”) shall be the Company Secretary or otherwise any other person duly appointed by the Board.
- (d) The appointment of the members of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolution(s) passed by the Board and by the Committee.

## **3. Meeting Procedures**

- (a) Unless otherwise agreed by majority of the Committee members a meeting shall be called by at least seven (7) days notice. Any Committee member or the Secretary may at any time call for a Committee meeting. The Secretary or any member shall serve notice to each of the Committee members by any reasonable and effective means according to the latest correspondence particulars of the members as kept by the Company. Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which are required for the meeting purpose.
- (b) The quorum of the Committee meeting shall be two (2) members of the Committee.
- (c) The Committee shall meet at least once a year.

## **4. Resolutions**

Resolutions may be passed by Committee members by show of hands in the meeting or by circulation in writing.

## **5. Alternate Committee Members**

A Committee member shall not appoint any alternate.

## **6. Authority of the Committee**

- (a) The Committee shall have access to independent professional advice(s) if necessary at the cost of the Company in order to perform its duties.

- (b) The Committee may invite attendance to meeting of relevant director(s) or management member(s).
- (c) The Committee shall be provided with sufficient resources to perform its duties.

## **7. Duties of the Committee**

- (a) to make recommendations to the Board on the Company's policy and structure for all directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing 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 kinds, 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 arrangement relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration;
- (i) to review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules; and
- (j) consider other topics as defined or directed by the Board.

## **8. Reporting procedure**

- (a) The Secretary shall circulate the minutes of meetings and all resolutions of the Committee to all members.
- (b) Board members will be given a copy of the minutes upon request.
- (c) The Chairman shall attend the annual general meeting of the Company to answer questions that may arise in the annual general meeting.

## **9. 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.

## **10. Powers of the Board**

The Board may, subject to compliance with the Articles of Association of the Company and the GEM Listing Rules (including the Corporate Governance Code), 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.