



DIRECTEL HOLDINGS LIMITED

直通電訊控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8337)

(the “Company”)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

(the “Committee”)

1. Membership

- 1.1 The Committee shall consist of not less than three members appointed by the board (the “**Board**”) of directors (the “**Directors**”) of the Company, with the majority of the members being independent non-executive Directors.
- 1.2 The Chairman of the Committee shall be appointed by the Board and must be an independent non-executive Director.
- 1.3 The Company Secretary of the Company shall be the secretary of the Committee.
- 1.4 The Committee may from time to time appoint any other person with appropriate qualification and experience to act as the secretary of the Committee.

2. Frequency and proceedings of meetings

- 2.1 The Committee shall meet at least once a year. Additional meetings should be held as and when the work of the Committee demands.
- 2.2 The Chairman of the Committee may convene additional meetings at his discretion.
- 2.3 The quorum of a meeting shall be two members of the Committee.
- 2.4 A member of the Committee shall abstain from voting and shall not be counted in the quorum of a meeting in respect of the resolution regarding the remuneration payable to him.
- 2.5 Proceedings of meetings of the Committee shall be governed by the relevant provisions of the articles of association of the Company (as amended from time to time) or such proceedings of meetings as adopted by the Company from time to time.

3. Attendance of meetings

- 3.1 At the invitation by the Committee, the chairman of the Board and/or the chief executive, external consultant and other persons may attend all or part of any meetings.
- 3.2 Only the Committee members are entitled to vote at the meetings.

4. Annual general meetings

- 4.1 The Chairman of the Committee shall attend the annual general meetings of the Company and be prepared to respond to any shareholder questions on the Committee's activities and responsibilities. If the Chairman of the Committee is unable to attend, a member of the Committee (who must be an independent non-executive Director) shall attend the annual general meeting of the Company. Such person shall be prepared to respond to any shareholder questions on the Committee's activities and responsibilities.

5. Duties, powers and functions

- 5.1 The Committee shall:
 - (a) 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) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
 - (c) either: (i) determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or (ii) 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) make recommendations to the Board on the remuneration of non-executive Directors;
 - (e) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
 - (f) ensure that a significant portion of executive Directors' remuneration should link rewards to corporate and individual performance;
 - (g) 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;
 - (h) 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;

- (i) consider and approve the grant of share options to eligible participants pursuant to the share option scheme of the Company;
- (j) review and/or approve matters relating to share schemes under chapter 23 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited;
- (k) ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- (l) consider other matters, as defined or assigned by the Board from time to time.

6. Reporting Procedures

- 6.1 Full minutes of the meetings of the Committee shall be kept by the secretary of the Committee, who shall send draft and final versions of minutes of meetings and all written resolutions of the Committee to all Committee members for their comments and records within a reasonable time after the meeting.
- 6.2 The Committee should report to the Board on a regular basis on its decisions or recommendations.
- 6.3 At the next meeting of the Board following a meeting of the Committee, the Chairman of the Committee shall report to the Board on the findings and recommendations of the Committee.

7. Authority

- 7.1 The Committee shall consult the chairman and/or chief executive of the Company about their proposals relating to the remuneration of other executive Directors.
- 7.2 The Committee shall have the right to request the management of the Company to furnish any information it requires to perform its duties.
- 7.3 The Committee should have access to independent professional advice, at the expense of the Company, to fulfill its responsibilities.

Note: Arrangement to seek independent professional advice may be made through the company secretary.

- 7.4 The Committee shall be provided with sufficient resources to enable it to perform its duties.

“senior management” refers to the same category of persons as referred to in the Company’s annual report and required to be disclosed under Rule 18.39 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.