



K. H. Group Holdings Limited

劍虹集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1557)

(the “Company”)

(Revised and approved by the board of directors of the Company on 22 December 2022)

REMUNERATION COMMITTEE

Terms of Reference

1 MEMBERSHIP

- 1.1 The Remuneration Committee (the “**Committee**”) is established by the board of directors of the Company (the “**Board**”) according to the Articles of Association of the Company (the “**Articles of Association**”) and the establishment would be effective from the date on which the shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).
- 1.2 The Committee members must be appointed by the Board and shall consist of not less than three members. The majority of the members must be independent non-executive directors (the “**INED(s)**”).
- 1.3 The chairman of the Committee shall be appointed by the Board and must be an INED.
- 1.4 The Board may, from time to time, at their discretion, change the composition of the members of the Committee.

2 SECRETARY

- 2.1 The Committee may appoint the company secretary of the Company or any other person with appropriate qualification and experience as the secretary of the Committee. Full minutes of the meetings should be kept by the secretary.

3 MEETINGS

- 3.1 The Committee shall meet at least once a year. Additional meetings should be held as and when the work of the Committee demands.
- 3.2 Notice of meetings shall be given to all members of the Committee at least three (3) days before the meeting.

- 3.3 The quorum of a meeting shall be two members of the Committee.
- 3.4 A member of the Committee must abstain from voting and must not be counted in the quorum of a meeting in respect of the resolution regarding the remuneration payable to that member.
- 3.5 The Committee members could attend the meetings in person, by telephone or by video conference.
- 3.6 A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.
- 3.7 Unless otherwise stated herein, proceedings of meeting of the Committee shall be governed by the relevant provisions of the Articles of Association of the Company (as amended from time to time).

4 VOTING AT MEETINGS

- 4.1 Decisions shall be determined by simple majority, and in the event of a tie (if any), the chairman of the Committee shall have the casting vote.

5 AUTHORITY

- 5.1 The Committee is authorized by the Board to investigate any activity within the terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 5.2 All members of the Committee can have access to the advice and services of the secretary who is responsible to the Committee for ensuring that procedures of the Committee, and all applicable rules and regulations, are followed.
- 5.3 The Committee shall be provided with sufficient resources to perform its duties and may seek independent legal or other professional advice upon reasonable request at the Company's expenses to perform its duties.

6 DUTIES

- 6.1 Main duties of the Committee shall include:
 - (a) To make recommendations to the Board on the Company's policy and structure for 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 kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. The Committee should consult the chairman and / or chief executive (if any) of the Company about their proposals relating to the remuneration of other executive directors;

- (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;
- (h) to review and/or approve matters relating to share schemes under Chapter 17 the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and
- (i) To ensure that no director or any of his associates is involved in deciding his own remuneration.

7 REPORTING PROCEDURES

- 7.1 The Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.
- 7.2 Full minutes and written resolutions should be kept by the secretary of the Committee. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comments and records, within a reasonable time after the meeting. Written resolutions should be promptly sent to all Committee members for their records after the written resolutions are passed.
- 7.3 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 works and recommendations of the Committee since the last Board meeting (if any). At least once annually, the Committee should present a report in writing to the Board which addresses the work of the Committee during the year.

8 OTHERS

- 8.1 The Company should disclose details of any remuneration payable to members of senior management by band in its annual reports and 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 Stock Exchange's website and the Company's website.
- 8.2 Any changes to the terms of reference shall be effective after they have been approved by the Board.