



Hing Lee (HK) Holdings Limited 興利(香港)控股有限公司

(Incorporated in the British Virgin Islands and re-domiciled and continued in Bermuda with limited liability)

(Stock Code: 396)

TERMS OF REFERENCE - REMUNERATION COMMITTEE

(Updated on 30 December 2022)

CONSTITUTION

1. The board of directors of Hing Lee (HK) Holdings Limited (the “**Company**”) (the “**Board**”) has resolved the establishment of the remuneration committee (the “**Remuneration Committee**”) on 29 May 2009.

MEMBERSHIP

2. The Remuneration Committee shall consist of at least three directors, a majority of which shall be independent non-executive directors.
3. The Remuneration Committee shall have a chairman, and shall be assumed by an independent non-executive director.
4. Only members of the Remuneration Committee have the right to attend meetings of the Remuneration Committee. However, other individuals, such as the chief executive officer of the Company, the head of human resources and external advisers, may be invited to attend all or part of any meeting of the Remuneration Committee as and when appropriate.

SECRETARY

5. The Company Secretary of the Company shall act as the secretary of the Remuneration Committee.
6. The Remuneration Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Remuneration Committee.

QUORUM

7. The quorum necessary for a meeting of the Remuneration Committee shall be two (2), at least one of which shall be an independent non-executive director. A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Remuneration Committee.

MEETINGS

8. The Remuneration Committee shall meet at least once a year and at such other times as the chairman of the Remuneration Committee may require.

NOTICE OF MEETINGS

9. Meetings of the Remuneration Committee shall be summoned by the secretary of the Remuneration Committee who will be the company secretary of the Company.
10. Unless otherwise agreed, notice of each meeting of the Remuneration Committee shall confirm the venue, time and date together with an agenda of items to be discussed and shall be forwarded to each member of the Remuneration Committee, any other person required to attend and all other non-executive directors no later than three (3) working days before the date of the meeting. Supporting papers shall be sent to the Remuneration Committee members and to other attendees as appropriate, at the same time.

MINUTES OF MEETINGS

11. The secretary of the Remuneration Committee shall minute the proceedings and resolutions of all Remuneration Committee meetings, including the names of those present and in attendance.
12. Minutes of Remuneration Committee meetings shall be circulated promptly to all members of the Remuneration Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

ANNUAL GENERAL MEETING

13. The chairman of the Remuneration Committee or in his absence, another Member shall attend the Company's annual general meetings and be prepared to respond to shareholders' questions on the Remuneration Committee's activities and their responsibilities.

DUTIES

14. The Remuneration Committee shall:
 - (a) make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of formal and transparent procedures for developing policy on such remuneration;
 - (b) review and approve the remuneration proposals for the directors and senior management with reference to corporate goals and objectives stipulated by the Board from time to time;

- (c) one of these two options:
 - (i) determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment); or
 - (ii) make recommendations to the Board on the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment). Where the Board resolves to approve any remuneration or compensation arrangements with which the Remuneration Committee disagrees, the Board should disclose the reasons for its resolution in its next Corporate Governance Report.
- (d) make recommendations to the Board on the remuneration of non-executive directors;
- (e) for the purpose of determining the remuneration of directors and employees in relation to the Company, the Remuneration Committee should consider factors including but not limited to salaries paid by comparable companies, time commitment and responsibilities of the directors/employees, employment conditions elsewhere in the group, and whether the remuneration is commensurate with performance. The Remuneration Committee shall ensure that salary levels are able to attract and retain the directors who contribute to the operation of the Company and shall also prevent the Company from paying excessive remuneration to directors;
- (f) review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- (g) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (h) ensure that no director or any of his/her associates is involved in deciding that director's own remuneration;
- (i) with respect to any service contracts of the directors that require the shareholders' approval under Rule 13.68 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), to advise the shareholders as to whether the terms are fair and reasonable, whether such contracts are in the interests of the Company and its shareholders as a whole and as to how to vote; and

- (j) review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange.

REPORTING RESPONSIBILITIES

- 15. The chairman of the Remuneration Committee shall report formally to the Board on its proceedings after each meeting of the Remuneration Committee on all matters within its duties and responsibilities.
- 16. The Remuneration Committee shall make whatever recommendations to the Board on any area within its remit where action or improvement is needed.
- 17. The Remuneration Committee shall produce annually a report of the Company's remuneration policy and practices and on its activities for the Board to consider in the context of preparing the Company's annual report.

OTHERS

- 18. The Remuneration Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 19. The Remuneration Committee shall make available, on the Stock Exchange's website and the Company's website, its terms of reference, explaining its role and the authority delegated to it by the Board.
- 20. The Company shall disclose details of the remuneration payable to members of senior management of the Company by band in its annual report.

AUTHORITY

- 21. The Remuneration Committee should consult the chairman and/or chief executive of the Company about their remuneration proposals for other executive directors.
- 22. The Remuneration Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties and that the Remuneration Committee shall be provided with sufficient resources to perform its duties.
- 23. In connection with its duties, the Remuneration Committee is authorised by the Board to obtain, at the Company's expense, any independent legal or other professional advice.