



XIWANG SPECIAL STEEL COMPANY LIMITED

西王特鋼有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 1266)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

(Adopted on 30 December 2022)

Constitution

1. The Remuneration Committee is established as a committee of the board of directors of the Company (the “**Board**”).

Objectives

2. The Remuneration Committee shall review and develop, for the Board’s endorsement, the Company’s policy on remuneration for its Directors (including Executive Directors), members of its Audit Committee and its Senior Management (as defined in paragraph 22 below) by reference to paragraph 16 below.
3. It shall provide a medium of public accountability, which is not controlled by the Company’s management.

Membership

4. The Remuneration Committee shall consist of at least three members. The majority of members of the Remuneration Committee shall be Independent Non-executive Directors of the Company.
5. The Chairman of the Remuneration Committee shall be an Independent Non-executive Director appointed by the Board.

Frequency of meetings

6. The Remuneration Committee shall meet at least twice a year and at such other times as its Chairman shall require.

Notice of Meetings

7. Meetings of the Remuneration Committee shall be called by its Chairman or at request of the Board.

8. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be issued to each member of the Remuneration Committee and any other person required to attend no fewer than three working days prior to the date of the meeting.

Attendance at meetings

9. A quorum shall be two members.
10. The Remuneration Committee may request any Director, any member of Senior Management (including the Head of Human Resources, if any) or any other individual to attend its meetings.
11. The company secretary of the Company shall be the secretary of the Remuneration Committee. The secretary of the Remuneration Committee or in his/her absence, his/her representative or any one member of the Remuneration Committee, shall be the secretary of the meetings of the Remuneration Committee.

Authority

12. The Remuneration Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it reasonably requires from any employee in order to perform its duties. All employees are directed to co-operate with any reasonable request made by the Remuneration Committee.
13. The Remuneration Committee is authorised by the Board, at the Company's expense, to appoint legal or other independent professional advisers with relevant experience and expertise (including remuneration consultants) to assist the Remuneration Committee, to secure the attendance of such professional advisers at its meetings if it considers it necessary and to obtain reliable, up-to-date information about remuneration in other companies. The Remuneration Committee shall have full authority to commission any reports or surveys which it considers necessary to help it fulfil its obligations.
14. The Remuneration Committee is authorised to require management to provide it with sufficient resources to perform its duties.
15. The Remuneration Committee shall consult the Chairman and/or Chief Executive about their remuneration proposals for other Executive Directors and have access to independent professional advice if necessary.

Duties

16. The Remuneration Committee shall have the following specific duties:
 - (a) to make recommendations to the Board on the policy and structure of the Company and its subsidiaries (the "**Group**") for, all Directors, and Senior Management (including without limitation directors of any members of the Group other than the Directors) 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) to determine with the delegated responsibility 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 for the Company;
 - (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 ensure that no Director or any of his associates is involved in deciding his own remuneration;
 - (i) to produce an annual report of the Remuneration Committee's remuneration policy which will form part of the Company's Annual Report and Accounts;
 - (j) to make available this terms of reference, explain its role and the authority delegated to it by the Board by including this terms of reference on the respective websites of the Stock Exchange of Hong Kong Limited and the Company;
 - (k) to ensure the Company to disclose details of any remuneration payable to members of Senior Management by band in its Annual Reports; and
 - (l) to review and / or approve the matters relating to share schemes under Chapter 17 of the Listing Rules.
17. In determining the framework or Board policy for the remuneration of the Directors and Senior Management, the Remuneration Committee shall take into account relevant provisions of the “Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited”. The objectives of such policy are to ensure that remuneration levels of the Company should be sufficient to attract and retain Directors and Senior Management to run the Company successfully, without paying more than necessary and no Director should be involved in deciding his own remuneration.
18. The Remuneration Committee shall determine, prior to the beginning of each financial year, the details of any performance-related remuneration whether on a Company-wide basis or for Senior Management. Following each financial year the Remuneration Committee shall review the performance against these targets.

Reporting procedures

19. The secretary of the Remuneration Committee shall keep full minutes of all Remuneration Committee meetings, and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
20. Minutes of Remuneration Committee meetings shall record in sufficient detail the matters considered by the Remuneration Committee members and decisions reached, including any concerns raised by the Remuneration Committee members and dissenting views expressed. Draft and final versions of minutes of meeting of the Remuneration Committee shall be sent to all members of the Remuneration Committee for their comment and records respectively, in both cases within a reasonable time after the meeting.
21. The secretary of the Remuneration Committee shall also circulate the minutes of meetings, reports and all written resolutions of the Remuneration Committee to all members of the Board.

Senior Management

22. For the purposes of these terms of reference, Senior Management shall mean employees or officers at the rank of General Manager, Chief Financial Officer, or above.