



Tak Lee Machinery Holdings Limited
德利機械控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2102)

(the “Company”)

TERMS OF REFERENCE
OF
REMUNERATION COMMITTEE

(As adopted by the Board on 30 June 2017
and amended with effect from 1 January 2023)

CONSTITUTION

1. The remuneration committee (the “**Remuneration Committee**”) is established pursuant to the resolutions passed by the board of directors of the Company (the “**Directors**” and the “**Board**” respectively) at its meeting held on 30 June 2017.

AUTHORITY

2. The Remuneration Committee shall have unrestricted access to the senior management to obtain any remuneration related information it requires in order to perform its duties and responsibilities. All relevant employees will be directed to co-operate with any request made by the Remuneration Committee.
3. The Remuneration Committee is authorised to obtain independent professional advice in accordance with the procedures adopted by the Company from time to time and to secure the attendance of any external professional with relevant experience and expertise if necessary. The Remuneration Committee should be provided with sufficient resources to perform its duties.

MEMBERSHIP

4. The members of Remuneration Committee shall be appointed by the Board and shall consist of not less than three members, a majority of whom should be independent non-executive Directors.
5. The chairman of the Remuneration Committee shall be appointed by the Board and must be an independent non-executive Director.
6. The appointment of the members of the Remuneration Committee may be revoked, replaced or additional members may be appointed to the Remuneration Committee by separate resolutions passed by the Board and by the Remuneration Committee. An appointment of a member of the Remuneration Committee shall be automatically revoked if such member ceases to be a member of the Board.

7. The company secretary of the Company shall be the secretary of the 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.

RESPONSIBILITIES

8. The responsibilities of the Remuneration Committee should include the following:
- (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 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 Company and its subsidiaries;
 - (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 ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;

- (i) to review and/or approve the matters relating to the share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”); and
- (j) to consider and implement other matters as assigned by the Board or otherwise required by the Listing Rules from time to time.

MEETINGS

- 9. The Remuneration Committee shall meet at least once a year.
- 10. A quorum of the meeting of the Remuneration Committee shall be two Remuneration Committee members.
- 11. Resolutions of the Remuneration Committee at any meeting shall be passed by a majority of votes of members if more than two members are present and by a unanimous vote if only two members are present.

REMUNERATION COMMITTEE’S RESOLUTIONS

- 12. A resolution in writing signed by all the members of the Remuneration Committee shall be as valid and effective as if it had been passed at a meeting of the Remuneration Committee and may consist of several documents in like form each signed by one or more of the members of Remuneration Committee. Such resolution may be signed and circulated by facsimile or other forms of electronic communications. This provision is without prejudice to any requirement under the Listing Rules for a meeting of the Board or Remuneration Committee to be held.

REPORTING PROCEDURES

- 13. (a) The Remuneration Committee shall 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. At the next meeting of the Board following a meeting of the Remuneration Committee, the chairman of the Remuneration Committee shall report their decisions and recommendations of the Remuneration Committee to the Board.
- (b) Full minutes of meetings of the Remuneration Committee shall be kept by a duly appointed secretary of the Remuneration Committee. Draft and final versions of minutes of meetings of the Remuneration Committee shall be sent to all members of the Remuneration Committee for their comment and records respectively, in both cases within 14 calendar days after the meeting.
- (c) Copies of the minutes of meetings of the Remuneration Committee shall be provided to the Board at its meetings.

- (d) The Remuneration Committee shall make available at least one of its members to attend the Company's annual general meeting to answer shareholders' questions about remuneration related issues.

REVISION OF THE TERMS OF REFERENCE

- 14. These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements, including but not limited to the Listing Rules.

Note: If there is any inconsistency between the English and Chinese versions of this document, the English version shall prevail.