

SAFETY GODOWN COMPANY, LIMITED

(incorporated in Hong Kong with limited liability)

Terms of Reference of Remuneration and Nomination Committee

Formation

The Remuneration and Nomination Committee (“the Committee”) was established pursuant to a resolution passed by the board of directors of SAFETY GODOWN COMPANY, LIMITED (the “Company”) at its meeting held on 23 April 2004.

Composition and Quorum

The Committee members shall be appointed by the board of directors of the Company amongst the directors of the Company. A majority of the Committee members should be independent non-executive directors. The Committee shall have at least one member of a different gender.

Members : The Committee shall consist of not less than 3 members.

Quorum : 2

The chairman of the Committee should be an independent non-executive director.

The meetings and proceedings are governed by the provisions contained in the articles of association of the Company for regulating meetings and proceedings of Directors.

Authority

1. The Committee is authorised by the board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
2. The Committee is authorised by the board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

The Committee shall :—

1. 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.
2. review and approve the management’s remuneration proposals with reference to the board’s corporate goals and objectives.
3. 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.

4. consider salaries paid by comparable companies, time commitment, responsibilities and performance, and employment conditions elsewhere in the group.
5. review and approve the compensation payable to executive directors and senior management for any loss, termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.
6. review and approve the compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and that are otherwise reasonable and appropriate.
7. make recommendations to the board on the remuneration for non-executive directors.
8. ensure that no director or any of their associates is involved in deciding that director's own remuneration.
9. consult the chairman and/or the chief executive about their remuneration proposals for other executive directors and have access to independent professional advice if necessary.
10. review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
11. review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually, assist the board in maintaining a board skills matrix and make recommendations on any proposed changes to the board to complement the company's corporate strategy.
12. identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships.
13. assess the independence of independent non-executive directors.
14. make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive.
15. support the Company's regular evaluation of the board's performance.
16. consider other topics as defined by the board.

Updated: 1st July, 2025