



# 粵海廣南(集團)有限公司

GDH GUANGNAN (HOLDINGS) LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock code: 01203)

## TERMS OF REFERENCE OF THE COMPENSATION COMMITTEE

### 1. Constitution

- 1.1 The Board of Directors (the “Board”) of GDH Guangnan (Holdings) Limited (the “Company”) hereby resolves to establish a Committee of the Board, to be known as the Compensation Committee (the “Committee”).

### 2. Purpose

- 2.1 To assist the Board in discharging its duties, the purpose of the Committee is to review the Company’s remuneration policy of directors and senior management and to make recommendation to the Board concerning the remuneration policy, share option scheme or incentive schemes so as to ensure the Company and its subsidiaries (the “Group”) has effective and transparent remuneration policy.

### 3. Members and Secretary of the Committee

- 3.1 The Board shall appoint members of the Committee. The number of the committee members shall be determined by the Board from time to time provided that at no time shall there be less than three members. The majority of the Committee members must be Independent Non-Executive Directors.
- 3.2 The Committee shall appoint one of its members to serve as its Chairman who must be Independent Non-Executive Director. The appointment will be subject to approval by the Board. The quorum of the Committee shall be two Committee members who must be Independent Non-Executive Directors.
- 3.3 The Company Secretary shall act as secretary to the Committee unless the Chairman of the Committee shall rule otherwise, in which case the Chairman will nominate a member of the Committee or another appropriate person to act as secretary.

#### **4. Meetings**

- 4.1 Meetings shall be held not less than two times a year and at such other times as the Chairman of the Committee, two members of the Committee or two members of the Board require to hold a meeting.
- 4.2 The Committee may pass resolutions by means of resolutions in writing when necessary. A resolution in writing, which may consist of one document or several documents, signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting duly convened and held.
- 4.3 Draft and final versions of minutes of the Committee meetings should be sent to all members of the Committee for their comment and records within a reasonable time after the meeting.
- 4.4 When a matter is discussed that concerns the salary, emoluments or other benefits of the Chairman or the Deputy Chairman or the General Manger, the interested party shall absent himself from the meeting during the discussion, and shall refrain from voting on the issues concerned.

#### **5. Authority**

- 5.1 The Committee is authorized by the Board to seek any information it requires from any employee of the Company and all employees are directed to co-operate with any request made by the Committee.
- 5.2 The Committee is authorized by the Board to obtain outside legal or other independent professional advice if it considers it necessary and to secure the attendance at its meetings of outsiders with relevant experience and expertise if it considers this to be necessary.

#### **6. Duties of the Committee**

In particular, but without limitation, the duties of the Committee shall be:

- 6.1 the Committee should consult the Chairman and/or the Deputy Chairman and/or the General Manager about their remuneration proposals for other executive directors. The Committee should have access to independent professional advice if necessary;
- 6.2 to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- 6.3 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 6.4 to have the delegated responsibility from the Board to determine 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;
- 6.5 to make recommendations to the Board on the remuneration of Non-Executive Directors;
- 6.6 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- 6.7 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;
- 6.8 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;
- 6.9 to make recommendations to the Board concerning senior management and/or employee share option or incentive schemes or the like, or other forms of profit-sharing arrangements of the Group which might be devised to reward senior management or other employees over and above normal salary and bonuses;
- 6.10 to supervise the policy relating to, and the management and care of the Company's retirement, provident or superannuating funds;
- 6.11 to ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- 6.12 to review matters relating to share schemes under Chapter 17 of the Listing Rules.

## **7. Miscellaneous**

- 7.1 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 website of The Stock Exchange of Hong Kong Limited and the Company's website.

- 7.2 The Committee should be provided with sufficient resources to perform its duties.
- 7.3 The Company should disclose details of any remuneration payable to members of senior management by band in their annual reports.
- 7.4 In recognition of the time and effort required of the Committee's members in discharging the duties set out in Section 6 above, the Company shall remunerate Non-Executive Directors for serving on the Committee to reflect the time they devote to the Company's affairs. The remuneration shall be determined by the Board.

Note: For the purpose of these Terms of Reference, "senior management" should refer to the same category of persons as referred to in the Company's annual report.

*This Terms of Reference amended on 30 March 2023.*