

**TOWNGAS SMART ENERGY COMPANY LIMITED**  
**(the “Company”)**

**TERMS OF REFERENCE OF REMUNERATION COMMITTEE**  
**(the “Committee”)**

**Membership**

1. The Committee shall consist of not less than three members appointed by the Board, with the majority of the members being independent non-executive directors of the Company.
2. The chairman of the Committee shall be appointed by the Board and must be an independent non-executive director.
3. The company secretary of the Company shall be the secretary of the Committee.

**Frequency and proceedings of meetings**

4. The Committee shall meet at least once a year. Additional meetings should be held as and when the work of the Committee demands.
5. The chairman of the Committee may convene additional meetings at his discretion.
6. The quorum of a meeting shall be any two members of the Committee of whom at least one is an independent non-executive director.
7. A member of the Committee shall abstain from voting and shall not be counted in the quorum of a meeting in respect of the resolution regarding the remuneration payable to him.
8. Proceedings of meetings of the Committee shall be governed by the provisions of the articles of association of the Company (as amended from time to time).

**Responsibility**

9. The Committee is to review and formulate policies in respect of remuneration structure for all directors of the Company (“Directors”) and senior management of the Company (“Senior Management”) and make recommendations to the Board for its consideration. For the purpose of these terms of reference, Senior Management refers to the same category of persons as referred to in the Company's annual report and whose biographical details are required to be disclosed under Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

**Duties, powers and functions**

10. The Committee is to: -
  - (a) 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 and to consult the chairman and/or chief executive about their remuneration proposals for other executive Directors;

- (b) 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;
- (c) make recommendations to the Board on the remuneration of non-executive Directors;
- (d) consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (e) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (f) ensure that a significant portion of executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance;
- (g) 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;
- (h) 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;
- (i) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
- (j) ensure that no Director or any of his associates (as defined in the Listing Rules) is involved in deciding his own remuneration and that, as regards the remuneration of a non-executive Director who is a member of the Committee, his/her remuneration should be determined by the other members of the Committee;
- (k) ensure due compliance with any relevant disclosure requirements in respect of the remuneration of Directors as well as other remuneration related matters under the Listing Rules, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and any other statutory requirements;
- (l) engage such external legal, financial or other independent professional advisers or other persons to enable it to perform its duties as it considers necessary;
- (m) consider other matters, as defined or assigned by the Board from time to time; and
- (n) make available these terms of reference explaining the role of the Committee and the authority delegated to it by the Board by including them in The Stock Exchange of Hong Kong Limited's website and the Company's website.

11. The Committee should be provided with sufficient resources to perform its duties.

## **Reporting Procedures**

12. Full minutes of the meetings of the Committee shall be kept by the secretary of the Committee, who shall prepare and send draft and final versions of minutes of meetings and all written resolutions of the Committee to all members of the Committee for their comments and records within a reasonable time after the meeting.
13. The Committee should report to the Board on a regular basis on its decisions or recommendations and on the matters set out in these terms of reference.
14. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report to the Board on the findings and recommendations of the Committee since the last meeting of the Board. At least once annually, the Committee should present a report in writing to the Board which addresses the work and findings of the Committee during the year.

March 2023

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