



## Perfect Optronics Limited

### 圓美光電有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8311)**

#### **TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

(with effective from 1 January 2023)

##### **Constitution**

1. The board of directors (the “**Board**”) of Perfect Optronics Limited (the “**Company**”) has resolved to establish the remuneration committee (the “**Committee**”). The constitution of the Committee shall comply with the requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) from time to time.

##### **Membership**

2. The Committee shall consist of not less than three members appointed by the Board from time to time, with a majority of the members being independent non-executive directors of the Company.
3. The chairman of the Committee shall be appointed by the Board and must be an independent non-executive director.
4. The members of the Committee shall not have personal financial interest (other than being a shareholder of the Company) and conflicts of interest arising from cross-directorships.
5. The term of membership shall be governed by the provisions of the articles of association of the Company (as amended from time to time).
6. Subject to paragraph 2 above, the appointment of the members of the Committee may be revoked and new members can be appointed in their stead by resolutions passed by the Board and by the Committee respectively.
7. No alternate member of any member of the Committee can be appointed.

##### **Frequency and proceedings of meetings**

8. The Committee shall meet at least once a year. Additional meetings of the Committee (“**Meetings**”) should be held as and when the work of the Committee demands.

9. Members of the Committee may attend Meetings either in person or through other electronic means of communication.
10. The company secretary of the Company or in his absence his representative shall be the secretary of the Committee.
11. The quorum of a Meeting shall be any two of its members of whom at least one is an independent non-executive director of the Company.
12. The Committee may, from time to time, invite advisors to the Meeting, including but not limited to external advisors or consultants to advise its members.
13. A member of the Committee shall abstain from voting in respect of the resolution regarding the remuneration payable to him.
14. Proceedings of Meetings shall be governed by the provisions of the articles of association of the Company (as amended from time to time).

### **Duties, powers and functions**

The Committee shall -

15. (a) 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 rule 18.39 of the GEM Listing Rules;
- (b) without prejudice to the generality of the foregoing:
  - (i) 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 consult the chairman of the Board and/or chief executive of the Company about their remuneration proposals for other executive Directors;
  - (ii) either (1) determine, with delegated responsibility, the remuneration packages of individual executive Directors and Senior Management; or (2) 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;
  - (iii) make recommendations to the Board on the remuneration of non-executive Directors;
  - (iv) consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Company and its subsidiaries;

- (v) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (vi) ensure that a significant proportion of executive Directors' remuneration should link rewards to corporate and individual performance;
- (vii) 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;
- (viii) 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;
- (ix) ensure that no Director or any of his associates (as defined in the GEM Listing Rules) is involved in deciding his own remuneration and that, as regards the remuneration of a Director who is a member of the Committee, his/her remuneration should be determined by the other members of the Committee;
- (x) consider the granting of share options to Directors pursuant to any share option scheme adopted by the Company;
- (xi) review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules;
- (xii) ensure due compliance with any relevant disclosure requirements in respect of the remuneration of Directors and Senior Management as well as other remuneration related matters under the GEM Listing Rules, the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and any other statutory requirements;
- (xiii) review and make recommendations to the Board regarding the pension arrangements for Directors and Senior Management;
- (xiv) review and report to the Board on any suspected irregularities in the reimbursement of unreasonable out-of-pocket expenses of Directors and Senior Management;
- (xv) engage such external legal, financial or other independent professional advisers or other persons to enable it to perform its duties as it considers necessary;
- (xvi) assess performance of executive Directors and approve the terms of executive Directors' service contracts;
- (xvii) conform to any requirement, discretion, and regulation that may from time to time be prescribed by the Board or contained in the articles of association of the Company (as amended from time to time) or imposed by law or in accordance with the GEM Listing Rules;

- (xviii) form a view in respect of service contracts that require shareholders' approval and advise shareholders of the Company (other than shareholders who are Directors with a material interest in the service contracts and their associates (as defined in the GEM Listing Rules)) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the Company and its shareholders as a whole and advise shareholders on how to vote;
  - (xix) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
  - (xx) make available these terms of reference explaining the role of the Committee and the authority delegated to it by the Board by including them on the websites of the GEM of The Stock Exchange of Hong Kong Limited and the Company.
16. The Committee should be provided with sufficient resources to perform its duties. Where necessary, the Committee should have access to independent professional advice and to invite the attendance of outsiders with relevant experience and expertise.

### **Reporting Procedures**

17. Full minutes of the Meetings or, as the case may be, written resolutions, of the Committee shall be kept by the secretary of the Committee, who shall prepare and circulate to all members of the Committee the draft and final versions of such minutes or written resolutions, for their comments and records respectively within a reasonable time after the Meeting.
18. 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, unless there are legal or regulatory restrictions on its ability to do so.

### **Others**

19. The chairman of the Committee or in his absence, another member of the Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions at the annual general meeting on the Committee's activities and their responsibilities.