

China Hongguang Holdings Limited

中國宏光控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(the “**Company**”, together with its subsidiaries, the “**Group**”)
(Stock Code: 8646)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

Constitution

1. The remuneration committee of the Company (the “**Remuneration Committee**”) is established pursuant to a resolution passed by the board of directors of the Company (the “**Board**”) on 11 December 2019 and has adopted the following terms as the terms of reference (revised and adopted by the Board on 13 January 2023) for the Committee.

Purpose

2. The purpose of the Remuneration Committee is to assist the Board in determining the policy and structure for the remuneration of directors and senior management, reviewing incentive schemes and directors’ service contracts and fixing the remuneration packages for directors and senior management.

Membership

3. Members of the Remuneration Committee shall be appointed by the Board and shall comprise such number of directors of the Company as the Board may determine, provided that a majority of members of the Remuneration Committee shall be independent non-executive directors of the Company.
4. Unless otherwise determined by the Board, the minimum number of members of the Remuneration Committee shall be three. If a member resigns, ceases to be a director or for any other reason ceases to be a member of the Remuneration Committee resulting in a reduction of the number of members below the minimum, the Board shall, within three months of that event, appoint such number of new members as may be required to make up the minimum.

Chairman

5. The chairman of the Remuneration Committee (the “**Chairman**”) shall be appointed by the Board and shall be an independent non-executive director. In the absence of the Chairman, the remaining members present shall elect one of themselves to chair the meeting. The chairman of the Board shall not be the Chairman.

Secretary

6. The company secretary of the Company or any person appointed by the Remuneration Committee shall be the secretary of the Remuneration Committee (the “**Secretary**”). In the absence of the Secretary, the members present shall elect one of themselves or appoint another person as the secretary for that meeting.

Frequency of meetings

7. The Remuneration Committee shall meet at least once a year. Additional meetings may be held as and when required.

Notice of meetings

8. A meeting of the Remuneration Committee may be convened by any of its members.
9. Unless otherwise agreed by all the members of the Remuneration Committee, notice of each meeting stating the time, date and place of the meeting shall be given to each member of the Remuneration Committee and any other person invited to attend at least seven days prior to the date of the meeting.
10. The agenda and any supporting documents shall be forwarded to each member of the Remuneration Committee and any other person invited to attend at least three days prior to the date of the meeting (or such other period as the members may agree).

Proceedings of meetings and resolutions

11. No business shall be transacted at any meeting of the Remuneration Committee unless a quorum is present. The quorum of a meeting shall be two members of the Remuneration Committee (at least one of whom should be an independent non-executive director).
12. Only members of the Remuneration Committee have the right to attend Remuneration Committee meetings. Other persons including but not limited to any director, management, external advisors or consultants may be invited by the Remuneration Committee to attend for all or part of any meeting as and when appropriate.
13. Meetings of the Remuneration Committee may be held either in person or through electronic means of communication or in such other manner as the members may agree.
14. Questions arising at any meeting shall be determined by a majority of votes of the members of the Remuneration Committee present. Each member of the Remuneration Committee shall have one vote. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.
15. A resolution in writing signed by all members of the Remuneration Committee shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee. Any such resolution may be contained in a single document or may consist of several documents in like form each signed by one or more of the members of the Remuneration Committee.
16. Full minutes of the Remuneration Committee's meetings should be recorded and kept by the Secretary and shall be available for inspection at any reasonable time on prior reasonable notice by any Director. Draft and final versions of minutes of the Remuneration Committee meetings shall be sent to all Remuneration Committee members for their comment and records within a reasonable time after the meeting.

17. The Secretary shall cause full minutes to be made for all meetings of the Remuneration Committee. Such minutes shall include sufficient details of the meetings including the attendances thereat, all business transacted, all resolutions passed and all orders made at such meetings. Any such minutes of any meeting, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting of the Remuneration Committee, shall be sufficient evidence without any further proof of the facts therein stated.
18. Save as otherwise provided herein expressly, proceedings of meetings of the Remuneration Committee shall be governed by the provisions of the articles of association of the Company for regulating the proceedings of meetings of the Board mutatis mutandis.

Authority

19. The authorities of the Remuneration Committee shall include such authorities set out in the relevant code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) as contained in Appendix 15 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) (as amended from time to time).
20. The Remuneration Committee is authorized by the Board to seek any remuneration related information it requires from the management of the Company in order to perform its duties.
21. The Remuneration Committee is authorized by the Board to obtain any independent professional advice, at the Company’s expense, from any person if it considers necessary to perform its duties.
22. The Remuneration Committee is to be provided with sufficient resources to discharge its duties.
23. The Remuneration Committee shall consult the chairman of the Board and/or the chief executive officer of the Company about its proposals relating to the remuneration of other executive directors.

Duties and functions

24. The duties and functions of the Remuneration Committee shall include such duties and functions set out in the relevant code provisions of the Corporate Governance Code. Without prejudice to the foregoing, the Remuneration Committee shall:
 - (a) 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) review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
 - (c) 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 subject to applicable laws and regulations;

- (d) make recommendations to the Board on the remuneration of non-executive directors;
- (e) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) 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) 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) ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- (i) review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules; and
- (j) consider other topics as defined or directed by the Board.

Reporting Procedures

- 25. The Remuneration Committee shall report directly to the Board on its findings, decisions and/or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as restriction on disclosure due to regulatory requirements). At the next meeting of the Board following a meeting of the Remuneration Committee, the Chairman shall report the findings, decisions and/or recommendations of the Remuneration Committee to the Board. The company secretary shall also circulate the minutes of meetings, reports and/or written resolutions (if any) of the Remuneration Committee to all members of the Board.

Remuneration Committee Report

- 26. The work of the Remuneration Committee during each financial year shall be summarized and included in the corporate governance report which constitutes part of the annual report of the Company.

Annual General Meeting

- 27. The Chairman or in his absence, another member of the Remuneration Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to answer questions at the annual general meeting on the Remuneration Committee's work and its responsibilities.

Amendment

28. Subject to the compliance with the articles of association of the Company and the GEM Listing Rules, any amendment to these terms of reference shall be authorized by the Board.

Publication

29. The Remuneration Committee shall make available these terms of reference by publishing them on the websites of GEM of The Stock Exchange of Hong Kong Limited and the Company.

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

13 January 2023