



## FOURACE INDUSTRIES GROUP HOLDINGS LIMITED

### 科利實業控股集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1455)**

#### **Remuneration Committee** **Composition, terms of reference and responsibilities** **Revised and passed on 22 February 2023 by the Board**

##### *Definition*

1. For the purpose of these terms of reference:

“**Board**” means the board of directors of the Company.

“**Company**” means Fourace Industries Group Holdings Limited

“**Company Secretary**” means the company secretary of the Company.

“**Directors**” mean the members of the Board.

“**Group**” means the Company, its subsidiaries and companies consolidated for accounting purposes.

“**Listing Rules**” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

“**Remuneration Committee**” means the remuneration committee established by the resolution of the Board in accordance with clause 2 of these terms of reference.

“**Senior Management**” refers to the same category of persons, if any, as referred to in the annual report of the Company and is required to be disclosed under paragraph 12 of Appendix 16 of the Listing Rules or as determined by the Board to constitute the senior management of the Company from time to time.

The word “**remuneration**”, as used in these terms of reference, includes without limitation any salaries, bonuses, allowances, benefits (in cash or in kind), pension arrangements, reimbursements, compensation payments, incentive awards, (including any compensation payable for loss or termination of office or appointment) and share options.

### ***Constitution***

2. The Board resolved to establish a committee of the Board to be known as the Remuneration Committee pursuant to a resolution passed by the Board at its meeting held on 21 August 2020.

### ***Membership***

3. The Remuneration Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three members, a majority of whom should be independent non-executive Directors.
4. The chairman or chairlady of the Remuneration Committee shall be appointed by the Board.
5. Subject to Clause 3, if a regular member is unable to act due to absence, illness or any other cause, the chairman or chairlady of the Remuneration Committee may appoint another non-executive Director of the Company to serve as an alternate member.

### ***Secretary***

6. The secretary of the Remuneration Committee shall be the Company Secretary

### ***Quorum***

7. The quorum necessary for the transaction of the business of the Remuneration Committee shall be two non-executive Directors of the Remuneration Committee provided that a majority of them shall be independent non-executive directors. A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Remuneration Committee.

### ***Attendance at Meetings***

8. Each member of the Remuneration Committee shall disclose to the Remuneration Committee:
  - (a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Remuneration Committee; or
  - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Remuneration Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Remuneration Committee.

9. The Company's Chief Executive Officer shall attend meetings to discuss the performance of members of the Board who are executive directors and members of the senior management and make proposals as necessary. The Company Secretary or human resources directors of the Company shall attend meetings for the purpose of submitting to the Remuneration Committee such relevant background information as may be necessary to enable the Remuneration Committee to perform its duties. As deemed necessary by the Remuneration Committee, other members of the Company may also attend meetings of the Remuneration Committee.

#### ***Notice of Meetings***

10. Meetings shall be summoned by the secretary of the Remuneration Committee at the request of the chairman or chairlady of the Remuneration Committee with reasonable notice given. An agenda and accompanying Remuneration Committee papers shall be circulated to all members in a timely manner and at least three days before the intended date of a Remuneration Committee meeting insofar as it is practicable (subject to the unanimous consent of the members of the Remuneration Committee for a shorter notice). Such papers and related materials shall be in a form and quality as will enable the Remuneration Committee to make an informed decision on the matters placed before it.

#### ***Frequency of Meetings***

11. Meetings shall be held at least once a year.
12. Meetings may be held by means of a teleconference or by the circulation of a proposed resolution to all members. Any such resolution signed by all the members of the Remuneration Committee will be as effective as if it had been approved at a meeting of the Remuneration Committee.

#### ***Authority***

13. The Remuneration Committee is authorized by the Board to discharge its duties within these terms of reference. It is authorized to seek any remuneration information it requires from the Senior Management who is directed to cooperate with the Remuneration Committee.
14. The Remuneration Committee is authorized by the Board to delegate such of its power, as the Remuneration Committee deems appropriate, to the Senior Management.
15. The Remuneration Committee is authorized by the Board to obtain external independent professional advisors and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary to assist in the performance of its duties and responsibilities. The Remuneration Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external remuneration consultants who advise the Remuneration Committee.

## *Duties*

16. The Remuneration Committee shall take full account of the Listing Rules.
17. The duties of the Remuneration Committee shall include:
  - (a) to review and approve general policy relating to strategic compensation issues;
  - (b) to make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy;
  - (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
  - (d) either:
    - (i) determine, with delegated responsibility, the remuneration packages of each member of Senior Management; or
    - (ii) make recommendations to the Board on the remuneration packages of each Director.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
  - (e) to make recommendations to the Board on the remuneration of non-executive Directors.
  - (f) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
  - (g) to review and approve the 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) 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;
  - (i) to review and/or approve matters relating to share schemes of the Company under Chapter 17 of the Listing Rules; and
  - (j) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

18. In carrying out its duties under these terms of reference, the Remuneration Committee should:
  - (a) provide the packages needed to attract, retain and motivate executive Directors of the quality required, but should avoid paying more than is necessary for this purpose;
  - (b) consult the chairman or chairlady and/or president of the Company as to its proposals relating to the remuneration of executive Directors; and
  - (c) ensure that any equity-based remuneration (e.g. share options or awards) offered by the Company are in accordance with Chapter 17 of the Listing Rules.
  
19. Without prejudice to the generality of the terms of reference to the Remuneration Committee set out above, the Remuneration Committee shall:
  - (a) operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
  - (b) liaise with the trustee / custodian of any employee share scheme which is created by the Company for the benefit of employees or Directors; and
  - (c) review the terms of executive Directors' service contracts from time to time.

### ***Reporting Procedures***

20. The secretary of the Remuneration Committee shall notify members of the Remuneration Committee of forthcoming meetings, prepare an agenda detailing points of discussion, distribute the necessary papers and prepare the minutes of meetings.
  
21. The members of the Remuneration Committee shall cause minutes to be made of all resolutions and proceedings of the Remuneration Committee including the names of all those present and in attendance at meetings of the Remuneration Committee. Minutes of Remuneration Committee meetings shall record in sufficient detail the matters considered by the Remuneration Committee members and decisions reached, including any concerns raised by the Remuneration Committee members and dissenting views expressed.
  
22. The chairman or chairlady of the Remuneration Committee shall report back to the Board at each scheduled board meeting. The Remuneration Committee shall keep the Board fully informed of its actions, decisions or recommendations, unless there are relevant legal or regulatory restrictions on its ability to do so.
  
23. The Remuneration Committee shall prepare and submit to the Board a draft report on remuneration to be considered and approved by the Board. Once approved, the report should

form part of, or be annexed to, the Company's annual report and accounts. It should contain the provisions specified in Clause 24 below.

24. The annual report, referred to in Clause 23 above, must contain such information as is required to comply with the Listing Rules, all applicable laws and the Remuneration Committee's view of good practice at the relevant time.

\*\*\* END \*\*\*

*This document is in English and Chinese. In case of any inconsistency, the English version shall prevail.*