



宏华集团
HONGHUA GROUP

Honghua Group Limited

宏華集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(the “Company”)

Terms of Reference of the Remuneration Committee

(the “Terms of Reference”)

**(Adopted pursuant to a resolution passed by the Board of the Company on
March 28, 2023)**

1 Formation

The Board of directors (the “**Board**”) of the Company established a committee subordinated to it known as the Remuneration Committee (the “**Committee**”).

2 Membership

2.1 Members of the Committee shall be appointed by the Board of the Company and the Committee shall consist of at least three members. The majority of the members of the Committee shall be independent non-executive directors. The quorum for the Committee meeting shall be at least two members(at least one shall be independent non-executive directors).

2.2 The chairman of the Committee shall be an independent non-executive director appointed by the Board.

3 The Secretary of the Committee

The Secretary of the Committee shall be the Company’s secretary or other individuals appointed by the Committee from time to time.

4 Meeting

4.1 The Committee shall convene meetings at least once a year. The Committee may also convene additional meetings when required.

4.2 Any provisions in the Company’s Memorandum and Article of Association (as amended from time to time) applicable to the convening and procedures of Board Meeting shall be deemed as having been adjusted to be applicable to the Committee Meeting.

- 4.3 Before the Committee meeting, the members shall report their interests in the issues to be discussed at the meeting. If any issue to be discussed would cause conflicts of interests with a member or any of his/her associates (see the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for definition), the member shall not attend the meeting and shall have no vote.

5 Authority

- 5.1 The Committee has been authorized by the Board to conduct investigations within the scope of this Terms of Reference. It is also authorized to seek any information it requires from any employees, and all employees shall co-operate with any reasonable request made by the Committee.
- 5.2 The Committee shall consult the Chairman of the Board and/or the Chief Executive about their proposals on the remuneration of Executive Directors of the Company and shall have access to independent professional advice if necessary.
- 5.3 The Committee secretary is authorized by the Board to seek any information required for the Committee members to perform their duties.
- 5.4 The Committee shall be provided with sufficient resources to perform its duties.

6 Duties

- 6.1 The responsibilities and powers of the Committee include those set out in The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”, as amended from time to time), including but not limited to the Code provisions of the Code of Corporate Governance in Appendix 14 thereof.

Without prejudice to any requirements as set out in the Listing Rules (including but not limited to the provisions of the Code of Corporate Governance), the duties of the Committee include the following:

- (a) to study and make recommendations or proposals to the Board for its review on the Company’s policy and structure for remuneration of all directors and senior management, on the Company’s incentive systems and on the establishment of a formal and transparent procedure for developing the remuneration policies and incentive systems;

Note: For the purpose of this Terms of Reference, “senior management” refers to the same category of persons as referred to in the Company’s annual report and is required to be disclosed under paragraph 12 of Appendix 16 of the Listing Rules.

- (b) to make recommendations to the Board on the remuneration 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.

- (c) to make recommendations to the Board on the remuneration of non-executive directors;
- (d) The Committee shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions of other positions in the Group and the practicability of performance-based remuneration;
- (e) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (f) to review and approve the compensation payable to executive Directors and senior management of the Company in connection with any loss or termination of office or appointment to ensure that such compensation is consistent with relevant contractual terms and is otherwise fair and not excessive for the Company;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are consistent with relevant contractual terms and are otherwise reasonable and appropriate;
- (h) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and

Note: the Committee shall advise shareholders of the Company on how to vote with respect to any service contracts of Directors that require shareholders' approval (under Rule 13.68 of the Listing Rules).

- (i) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

6.2 The scope of authority and responsibility of the Committee shall be made public and its roles and the authorities conferred by the Board shall be explained on the Stock Exchange's website and the Company's website.

6.3 The Company should disclose the directors' remuneration policy and details of any remuneration payable to the senior management by band in its annual reports.

7. Minutes of meeting

Minutes of the Committee meeting shall be kept by the secretary of the Committee. Draft and final versions of the minutes shall be sent to all the Committee members for their comments and records within a reasonable time after the meeting. The endorsed Committee meeting minutes shall be submitted to the Board.

8. Reporting responsibilities

The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

9. The Company's Annual General Meeting

The chairman of the Committee, or in his absence, another member of the Committee (or his/her duly appointed representative) shall be present at the Annual General Meeting of the Company and answer questions on the Committee's work and responsibilities at the meeting.

10. The Authority of the Board

The Board reserves the ultimate right of interpretation to this Terms of Reference.