



ETS GROUP LIMITED

易通訊集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8031)

**TERMS OF REFERENCE
OF
REMUNERATION COMMITTEE**

ETS GROUP LIMITED
易通訊集團有限公司
(the “Company”)

Terms of Reference of Remuneration Committee

1 Preamble

- 1.1 ETS Group Limited (the “**Company**”) was incorporated in Cayman Islands on 29 June 2011. Its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Exchange**”) since 9 January 2012.
- 1.2 In order to bring this Terms of Reference in line with the Corporate Governance Code (the “**CG Code**”) under Appendix 15 to the rules governing the listing of securities on GEM (the “**GEM Listing Rules**”), the board of directors (the “**Board**”) has further revised this Terms of Reference on 1 January 2023 as set out herein.
- 1.3 The Board is responsible for establishing the Remuneration Committee, and for defining its responsibility.
- 1.4 The Board will receive and consider the reports and recommendations from the Remuneration Committee for approval.

2 Purpose of the Remuneration Committee

- 2.1 The Remuneration Committee has primary responsibility to consult the chairman and/or the chief executive of the Company about their remuneration proposals for other executive directors and to make recommendations for approval by the Board with respect to matters relating to the remuneration of the executive directors of the Company and shall be delegated the specific responsibility of proposing the remuneration packages of executive directors and senior management of the Company. In particular, the Remuneration Committee has the responsibility of:
 - 2.1.1 making 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;
 - 2.1.2 reviewing and recommending the management’s remuneration proposals and packages with reference to the Board’s corporate goals and objectives in relation to 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, and making recommendations to the Board for approval;

- 2.1.3 making recommendation to the Board on the remuneration of non-executive directors;
- 2.1.4 considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
- 2.1.5 reviewing and proposing performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- 2.1.6 reviewing and proposing to the Board the compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that such it is consistent with contractual terms and is otherwise fair and not excessive;
- 2.1.7 reviewing and proposing to the Board the 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;
- 2.1.8 ensuring that no director or any of their associates is involved in deciding that director's own remuneration;
- 2.1.9 reviewing and/or approving matters relating to share schemes under Chapter 23 of the GEM Listing Rules; and
- 2.1.10 performing the corporate governance duties set out above.

3 Membership and Duties

- 3.1 The members of the Remuneration Committee are appointed by the Board.
- 3.2 The term of their office will be determined by the Board.
- 3.3 The Remuneration Committee comprises three independent non-executive directors and the chairman of the Company, or such number of directors of the Company subject to a majority in number being constituted by the independent non-executive directors of the Company. The Board shall nominate one of the members as the chairman of the Remuneration Committee.
- 3.4 All members of the Remuneration Committee are appointed by the Board and can be removed by the Board at its sole discretion. The Board should from time to time vary the composition of the Remuneration Committee as may be required by the GEM Listing Rules (as modified from time to time).

- 3.5 The members of the Remuneration Committee should be listed each year in the Company's annual report to shareholders.
- 3.6 The Remuneration Committee should consult the Company's chairman and/or chief executive about their remuneration proposals for other executive directors of the Company and have access to professional advice inside and outside the Company in accordance with the procedures of the Company for directors seeking independent professional advice but nevertheless subject to the majority approval of the committee members before such advice is being sought. Such advice, if sought, would be at the Company's expense.
- 3.7 When the compensation package of an individual executive director is under review, he will abstain from voting.
- 3.8 The Remuneration Committee will make a report each year to the Board. The report will set out the Company's policy on executive director's remuneration.
- 3.9 The Remuneration Committee should be provided with sufficient resources to perform its duties.
- 3.10 The company secretary of the Company shall be the secretary of Remuneration Committee. In the absence of the company secretary, his/her delegate(s) or any person elected by the members present at the meeting of Remuneration Committee shall attend such/that Remuneration Committee meeting and take minutes of such meeting.

4 Meetings

- 4.1 The Remuneration Committee chairman, in consultation with the Remuneration Committee members, will determine the frequency of the meetings of the Remuneration Committee.
- 4.2 Prior to a meeting of the Remuneration Committee convened to proposing the specific remuneration packages of executive directors and senior management, or to make recommendations to the Board on the remuneration of non-executive directors, the officer shall circulate to each member of the Remuneration Committee a report prepared by senior management representatives setting out, among other things, the management's views of the Company's performance, individual director's performance, salaries paid by comparable companies in the market, time commitment and responsibilities of the relevant directors, employment conditions elsewhere in the Company and/or its subsidiaries.
- 4.3 The secretary of the Remuneration Committee, in consultation with the appropriate members of management, will develop the Remuneration Committee meeting's agenda. The secretary of the Remuneration Committee will be any other officer duly authorised by the Remuneration Committee.

- 4.4 The secretary of the Remuneration Committee will issue an agenda of subjects to be discussed for each meeting. Any Remuneration Committee member shall be entitled, by notice to the secretary of the Remuneration Committee, to include other matters relevant to the Remuneration Committee in the agenda of a Remuneration Committee meeting.
- 4.5 Minutes of the meeting will be prepared by the secretary of the Remuneration Committee or any other officer duly authorised by the Remuneration Committee.
- 4.6 The quorum necessary for the transaction of business shall be two Remuneration Committee members, comprising the chairman and one independent non-executive director of the Company. A majority of the committee members shall be independent non-executive directors.
- 4.7 Other than as set out in this Terms of Reference, the Remuneration Committee shall adopt such procedures and principles as it sees fit in relation to the proceedings of the Remuneration Committee.
- 4.8 The Remuneration Committee shall compile a report to shareholders on its role and activities to be included in the Company's Corporate Governance Report.

5 Notice

- 5.1 Notice of the Remuneration Committee meeting has to be given 14 days prior to such meeting proposed to be held, unless all members unanimously waive such notice.

6 Resolutions

- 6.1 Resolutions of the Remuneration Committee shall be passed by a majority of votes which can also be passed by way of unanimously written resolutions. Meeting can be held in person, by telephone or by video conference.

7 Reporting Procedures

- 7.1 The secretary of the Remuneration Committee shall keep full minutes of the Remuneration Committee meetings. Draft and final versions of minutes of the Remuneration Committee meetings shall be circulated to all members of the Remuneration Committee for their comments and records within a reasonable time after the meeting. Final versions of the minutes shall also be sent to other members of the Board for their information. After each meeting, the Remuneration Committee shall submit its advice and/or recommendations, if any, for approval of the Board at the next Board meeting.

7.2 Minutes of the Remuneration Committee shall be recorded in sufficient detail regarding the matters considered and decision reached by the Remuneration Committee, including any concerns raised by any Remuneration Committee member or dissenting views expressed.

7.3 The Remuneration Committee shall compile a report, if any, to shareholders on its role and activities to be included in the Company's Corporate Governance Report.

8 Amendment

8.1 Any amendment to this Terms of Reference shall be authorised by the Board. The Board may, subject to compliance with the articles of association of the Company and the GEM Listing Rules, review, amend, supplement and revoke the provisions of this Terms of Reference.

9 Publicity

9.1 This Terms of Reference is available on the Exchange's website and the Company's website.