



# FOREBASE INTERNATIONAL HOLDINGS LIMITED

申基國際控股有限公司

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 2310)

## TERMS OF REFERENCE OF INDEPENDENT BOARD COMMITTEE FOR WAIVER APPLICATION

### **Constitution**

1. The board of directors (the “Board”) of Forebase International Holdings Limited (the “Company”) hereby resolves to establish a committee of the Board to be known as the Independent Board Committee for Waiver Application (the “Independent Board Committee”) in connection with non-exempt continuing connected transactions (“CCT”).

### **Objectives**

2. The Independent Board Committee shall be responsible to advise shareholders as to (a) whether the terms of the relevant transactions or arrangements are fair and reasonable in relation to non-exempt CCT; (b) whether such transactions or arrangements are in the interests of the Company and its shareholders as a whole; and (c) to advise shareholders on how to vote, taking into account the recommendations of the appointed independent financial adviser.
3. The Independent Board Committee shall be also responsible to the Board on reporting the work progress and any findings in relation to non-exempt CCT waiver application.

### **Membership**

4. Member of the Independent Board Committee shall be appointed by the Board.
5. The Independent Board Committee shall consist of not less than three members. The members shall be the independent non-executive director(s) who do not have material interest in the relevant transactions.
6. Chairman of the Independent Board Committee shall be appointed by the Board and should be an independent non-executive director.

### **Quorum and voting at meetings**

7. The quorum of the Independent Board Committee shall be any two members.
8. Questions arising at any meetings shall be decided by a simple majority of votes.

### **Attendance at meetings**

9. Meetings could be held in person or through other electronic means of communication, by which all persons participating in the meeting are capable of hearing each other.
10. At the invitation of the Independent Board Committee, other personnel and/or professional party may be invited to attend all or part of any meeting to discuss matters in relation to the non-exempt CCT.
11. The company secretary of the Company or any other person with appropriate qualification and experience as appointed by the Independent Board Committee from time to time shall be the secretary of the Independent Board Committee.
12. Only members of the Independent Board Committee are entitled to vote at the meetings.

### **Notice of meetings**

13. Meetings of the Independent Board Committee shall be convened by the secretary of the Independent Board Committee at the request of any of its member.
14. Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be sent to each member of the Independent Board Committee, and to any other person required to attend within a reasonable time prior to the date of the meeting.
15. An agenda of items to be discussed, together with supporting papers shall be sent to Independent Board Committee members and to other attendees as appropriate within a reasonable time prior to the date of the meeting.
16. Any member of the Independent Board Committee shall be entitled, by notice to the secretary of the Independent Board Committee, to include other matters relevant to the functions of the Independent Board Committee in the agenda of an Independent Board Committee meeting.
17. The Independent Board Committee shall continue to function until the dismissal of the Independent Board Committee by the Board.

### **Authority**

18. The Independent Board Committee shall be provided with sufficient resources to discharge its duties.
19. The Independent Board Committee is authorised by the Board to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

### **Duties**

20. The duties of the Independent Board Committee include:
  - (a) to advise the management of the Company the nature of the CCT and to assess the appropriateness of the CCT and the circumstances under which they will be conducted in the future;
  - (b) to discuss with the management of the Company and the independent financial

adviser the rationale for the CCT in the context of the business operations of the Group and its future and prospects;

- (c) to discuss with the management of the Company and the independent financial adviser the basis for determining the pricing for the CCT;
- (d) to review the terms of the agreements for the CCT and the basis of the maximum annual amounts (the “Cap Amounts”) for which the CCT may be conducted for each of the three coming financial years and to assess the fairness and reasonableness of the terms and the Cap Amounts in comparison with similar transactions carried out by the Group with independent parties;
- (e) to prepare a letter of advice for inclusion in a circular to be despatched to the shareholders of the Company (the “Circular”) including opinion from the Independent Board Committee on whether or not the terms of the CCT and the Cap Amounts are fair and reasonable so far as the independent shareholders of the Company are concerned and our recommendation as to voting;
- (f) to address comments and/or enquiries raised by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the drafts announcement and Circular in order to obtain final clearance from the Stock Exchange prior to the bulk-printing;
- (g) to make recommendations to the Board for approving the Circular and other documents in relation to the non-exempt CCT; and
- (h) to attend the extraordinary general meeting of the Company to be held to consider the CCT and the Cap Amounts and answer questions that may be raised by the shareholders of the Company as regards opinion from the Independent Board Committee.

### **Reporting procedures**

21. At the next meeting of the Board following a meeting of the Independent Board Committee, the chairman of the Independent Board Committee shall report to the Board on findings and recommendations of the Independent Board Committee.

March 2013