



**RONGTA**

**Rongta Technology (Xiamen) Group Co., Ltd.**

**容大合眾(廈門)科技集團股份公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 9881)**

## **RULES OF PROCEDURE OF THE REMUNERATION COMMITTEE OF THE BOARD**

### **CHAPTER 1 GENERAL PROVISIONS**

**Article 1** In order to further establish a comprehensive appraisal and remuneration system for directors and senior management of the Company and improve the corporate governance of the Company, the Company has established the remuneration committee of the board of directors and formulated these rules of procedure in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "**Company Law**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Hong Kong Listing Rules**") and the Articles of Association of Rongta Technology (Xiamen) Group Co., Ltd. (hereinafter referred to as the "**Articles of Association**") and other relevant regulations.

**Article 2** The remuneration committee is a specialized working body established by the board of directors, primarily responsible for formulating and reviewing the remuneration policies and packages of the directors and senior management of the Company, the formulation the appraisal criteria for the directors and senior management of the Company and the conduct of appraisal thereof, and shall be accountable to the board of directors.

**Article 3** Directors as referred herein shall refer to the chairman of the board of directors and directors who are entitled to remuneration from the Company, while the senior management shall refer to the general manager, deputy general managers, chief financial officer, board secretary and other senior management members of the Company as specified in the Articles of Association.

**Article 4** The provisions of the Company Law, the Hong Kong Listing Rules and the Articles of Association in relation to the obligations of the directors apply to members of the remuneration committee.

## CHAPTER 2 COMPOSITION

**Article 5** The remuneration committee shall consist of at least three directors and a majority of whom shall be independent non-executive directors.

**Article 6** Members of the remuneration committee shall be nominated by the chairman of the board of directors, a simple majority of the independent non-executive directors, or more than one-third of all directors, and shall be elected by the board of directors.

**Article 7** The remuneration committee shall have a chairman, who shall serve as the convener and shall be an independent non-executive director and responsible for taking charge of the work of the committee. The chairman shall be elected among the committee members and the election shall be reported to the board of directors for approval.

**Article 8** A member of the remuneration committee shall have a term of office consistent with the term of the board of directors and shall be eligible for re-election on the expiry on his/her term. Where a member ceases to be a director of the Company, he/she will automatically cease to be qualified as a member of the committee, and the casual vacancy shall be filled by the person elected by the committee in accordance with Articles 5 to 7 above.

**Article 9** The remuneration committee may set a working group dedicated to providing information about the operations of the Company and relevant information about the appraisees. The working group shall be also responsible for preparing the meetings of the remuneration committee and implementing the relevant resolutions of the remuneration committee.

## CHAPTER 3 DUTIES AND AUTHORITY

**Article 10** The main duties and authority of the remuneration committee shall be as follows:

- (1) to formulate remuneration plan or package in accordance with the main scope, responsibilities and significance of the positions of directors (non-independent non-executive director) and senior management. Remuneration plans or packages shall mainly include but not limited to, performance appraisal standard, procedure as well as the major award and penalty plan and policy;
- (2) to review, formulate and/or approve the share incentive scheme for the directors (including non-independent non-executive directors), supervisors, senior management and other relevant parties of the Company in accordance with relevant laws, administrative regulations, departmental rules, regulatory documents and the listing rules of the stock exchange where the shares of the Company are listed (including matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules);
- (3) to be responsible for the administration of share schemes, including but not limited to reviewing the eligibility of participants, conditions of grant and conditions of exercise of the share incentive schemes;

- (4) to review the performance of directors (including non-independent non-executive directors) and senior management of the Company and perform annual performance appraisal;
- (5) to supervise the implementation of the remuneration system;
- (6) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives of the board of directors;
- (7) to make recommendations to the board of directors on the Company's overall performance evaluations, policy and structure for remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (8) to make recommendations to the board of directors on the individual remuneration packages of executive directors and senior management, which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (9) to make recommendations to the board of directors on the remuneration of non-executive directors; to consult the chairman and/or general manager about their remuneration proposals for other executive directors;
- (10) to consider remuneration paid by comparable companies, time commitment and responsibilities and employment conditions for other positions in the Group;
- (11) to review and approve the compensation payable to executive directors and senior management for the matters relating to the loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair, reasonable and not excessive;
- (12) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate;
- (13) to ensure that no director or any of their associates (as defined in Hong Kong Listing Rules) is involved in deciding their own remuneration;
- (14) to review the performance of duties by directors (including non-independent non-executive directors) and senior management of the Company and perform annual performance appraisals on them;
- (15) to supervise the implementation of the Company's remuneration and appraisal policies;

- (16) either of the followings:
- (i) to determine remuneration packages for individual executive directors and senior management in accordance with the delegated responsibilities of the board of directors; or
  - (ii) to make recommendations to the board of directors on the remuneration packages of individual executive directors and senior management,  
  
which shall include non-monetary benefits, pension rights and amounts of compensation (including compensation for loss or termination or appointment);
- (17) to review and/or approve the matters relating to the share schemes under Chapter 17 of the Hong Kong Listing Rules;
- (18) to assume other duties as required by the provisions of laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange where the shares of the Company are listed (including the relevant authority and duties as stipulated in the relevant code provisions of the Corporate Governance Code as set out in the Hong Kong Listing Rules (as amended from time to time)) and the Articles of Association, and other duties and powers delegated by the board of directors. The committee shall also report to the board of directors on matters within the scope of the its duties and authority (including decisions or recommendations made by the committee).

**Article 11** The board of directors shall have right to veto any remuneration plan (package) and share incentive scheme that goes against shareholders' interests.

**Article 12** The remuneration plan and share incentive scheme for directors of the Company proposed by the remuneration committee shall be approved by the board of directors and submitted to a general meeting for consideration and approval before implementation; the remuneration plan for senior management of the Company shall be submitted to the board of directors for approval.

#### **CHAPTER 4 DECISION-MAKING PROCEDURES**

**Article 13** The working group under the remuneration committee shall be responsible for the preparation work at an early stage in relation to the decision-making of the remuneration committee and provide the following information of the Company:

- (1) information on the fulfillment of key financial indicators and business objectives of the Company;
- (2) information on the scope of work and the major responsibilities of senior management of the Company;

- (3) information on the fulfillment of indicators in the performance appraisal system for directors and senior management;
- (4) information on the operational performance of directors and senior management in terms of the capability in business innovation and profit generation;
- (5) basis for relevant measurement adopted in the formulation of remuneration distribution plans and distribution methods of the Company according to the performance of the Company.

**Article 14** The appraisal procedures of the remuneration committee for directors and senior management are as follows:

- (1) directors and senior management of the Company shall report job duties to the remuneration committee of the board of directors and conduct self-assessment;
- (2) the remuneration committee shall conduct performance appraisal on directors and senior management in accordance with the performance appraisal standards and procedures;
- (3) the amount of remuneration and method of reward for directors and senior management shall be proposed according to the job performance appraisal results and remuneration distribution policy and reported to the board of directors after being approved by voting;
- (4) the proposal on the amount of remuneration and method of reward for the directors shall be submitted by the board of directors to a general meeting for approval. When the board of directors or the remuneration committee assesses the performance of an individual director or discusses his/her remuneration, such director shall abstain from voting.

## **CHAPTER 5 SYSTEM OF MEETINGS**

**Article 15** The remuneration committee shall hold at least one regular meeting every year and notify all members 5 days before the meeting. The meeting shall be presided over by the chairman, or where the chairman is unable to attend the meeting, he/she may appoint another member to preside over it.

If the chairman of the remuneration committee fails to perform his/her duties or designate other members to perform on his/her behalf, any of the members may report to the board of directors, and the board of directors shall designate a member to perform the duties of the chairman of the remuneration committee.

Extraordinary meetings shall be convened by the members of the remuneration committee and notice of which shall be given to all members three days before the meeting, and given at any time in case of emergency.

**Article 16** The quorum of a meeting of the remuneration committee shall be more than two-thirds of the members. Members of the remuneration committee may attend the meeting in person or appoint another member in writing as their proxy to attend to and vote at the meeting on his/her behalf.

If a member of the remuneration committee appoints another member to attend to and exercise voting rights at the meeting on his/her behalf, he/she shall submit a power of attorney to the chairman of the meeting, and the power of attorney shall specify the scope of authorization. The power of attorney shall be submitted to the chairman of the meeting no later than a vote is taken at the meeting.

If a member of the remuneration committee fails to attend the meeting in person or appoint other members to attend the meeting on his/her behalf, he/she shall be deemed as absent from the relevant meeting.

If a member of the remuneration committee fails to attend the meeting for two consecutive times, such member shall be deemed to have failed to perform his/her duties properly, and may be removed from his/her office as member of the committee by the board of directors.

**Article 17** At the meetings of the remuneration committee, voting shall be made by a show of hands or by poll; while extraordinary meetings may be convened by means of correspondence voting.

Every member shall have one vote, and resolutions made at the meetings shall be passed by a simple majority of the members.

A meeting of the remuneration committee may be convened by way of a written circular signed by all members. Written proposals shall be dispatched by fax, courier or by hand or other methods to all committee members. Committee members shall return the original copies to the Company for filing after casting vote on the proposals. A proposal signed by consenting members satisfying the number of votes required hereunder shall become an effective resolution of the committee.

**Article 18** The remuneration committee may invite directors, supervisors and senior management of the Company to attend the meeting as non-voting members where necessary.

**Article 19** The remuneration committee may engage intermediaries to provide professional advice for its decision-making where necessary at the expense of the Company.

**Article 20** Where a member is related to the proposal being discussed at meeting of the remuneration committee, he/she shall abstain from discussion.

Where the number of members attending the meeting is less than the quorum specified in these rules of procedure after the interested members abstain from voting, all members (including the interested members) shall resolve on procedural issues including submitting the proposal to the board of directors for consideration. Such proposal shall be considered by the board of directors.

**Article 21** Procedures for convening and voting methods of meetings of the remuneration committee and the remuneration policies and distribution plans approved thereat shall be in compliance with requirements of the relevant laws, regulations, listing rules of the stock exchange where the shares of the Company are listed, Articles of Association and these rules of procedure.

**Article 22** The remuneration committee shall keep meeting minutes, which shall record the matters considered and the resolutions passed at the meetings in detail, including any doubts or objections raised by the members, and shall be circulated to every member for review and confirmation. The meeting minutes shall be signed by the members attending the meetings and the minute taker. Committee members attending the meeting shall have the right to request inclusion of explanations in the minutes regarding the views they have expressed at the meeting.

**Article 23** The resolutions passed at the meeting and poll results of the meeting of remuneration committee shall be reported to the board of directors of the Company in writing.

**Article 24** Members present at meetings shall be obliged to keep all matters discussed at the meetings confidential and shall not disclose the relevant information without authorization.

## **CHAPTER 6 ABSTENTION FROM VOTING**

**Article 25** Where a member of the remuneration committee has an interest of conflict, directly or indirectly, in respect of any matter discussed at the meeting, such member shall abstain from voting on the relevant proposals.

Where the number of members attending the meeting is less than the quorum specified in these rules of procedure after the interested members abstain from voting, all members (including the interested members) shall resolve on procedural issues including submitting the proposal to the board of directors for consideration. Such proposals shall be considered by the board of directors.

## **CHAPTER 7 SUPPLEMENTARY PROVISIONS**

**Article 26** These rules of procedure and any amendments hereto have been considered and approved by the board of directors and shall take effect from the date of the initial public offering of H Shares of the Company and its listing on The Stock Exchange of Hong Kong Limited.

**Article 27** Matters not covered in these rules of procedure shall be implemented in accordance with the provisions of the relevant laws and regulations of the PRC, the listing rules of the stock exchange of the place where the shares of the Company are listed and the Articles of Association. In case of any conflict between these rules of procedure and laws and regulations promulgated by the PRC from time to time, the listing rules of the stock exchange of the place where the shares of the Company are listed or the Articles of Association as legally amended, the relevant laws and regulations of the PRC, the listing rules of the stock exchange of the place where the shares of the Company are listed and the Articles of Association shall prevail and these rules of procedure shall be amended timely.

**Article 28** The rights of interpretation of these rules of procedure shall be vested in the board of directors.