

# **BEIJING HAIZHI TECHNOLOGY GROUP CO., LTD. TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD OF DIRECTORS**

## **Chapter 1 General Provisions**

- Article 1** In order to further establish and improve the remuneration management system for directors and other senior management of Beijing Haizhi Technology Group Co., Ltd. (the “**Company**”) and improve the corporate governance structure, the Company has established the remuneration and appraisal committee of the board of directors (the “**Remuneration and Appraisal Committee**” or the “**Committee**”) and formulated the terms of reference in accordance with the Company Law of the People’s Republic of China, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Articles of Association of Beijing Haizhi Technology Group Co., Ltd. (the “**Articles of Association**”) and other relevant provisions.
- Article 2** The Remuneration and Appraisal Committee is a special working body under the board of directors mainly responsible for formulating the assessment criteria, conducting assessment of the directors and senior management of the Company, formulating and reviewing the remuneration policies and schemes for directors and senior management. It is accountable to the board of directors.
- Article 3** For the purposes of the terms of reference, directors refer to the chairman of the board of directors and directors who receive remuneration from the Company, and the senior management refers to the general manager, deputy general manager, financial controller, secretary to the board of directors and other senior management appointed by the board of directors.

## **Chapter 2 Composition**

- Article 4** The Remuneration and Appraisal Committee shall consist of at least three directors and a majority of whom shall be independent non-executive directors.
- Article 5** Members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the board of directors, more than one half of the independent non-executive directors or one-third of all directors, and shall be elected by the board of directors.
- Article 6** The Remuneration and Appraisal Committee shall have one chairman (the convener) who shall be an independent non-executive director responsible for presiding over the work of the Committee. The chairman shall be elected from among the members and appointed upon approval by the board of directors.
- Article 7** Members of the Remuneration and Appraisal 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 of 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 shall be replaced by other members being appointed by the Committee in accordance with Articles 4 to 6 above.

**Article 8** The Remuneration and Appraisal Committee may set up a working group dedicated to providing relevant information about the operations of the Company and relevant information about the appraisees, preparing the meetings and implementing the relative resolutions approved by the Remuneration and Appraisal Committee.

### **Chapter 3 Duties and Authorities**

**Article 9** The main duties and authorities of the Remuneration and Appraisal Committee are:

- (1) to formulate remuneration plan or package in accordance with the main scope of work, responsibilities and significance of the positions of directors and senior management and make recommendations to the board of directors on the establishment of a formal and transparent procedure for developing remuneration policy. Remuneration plans or packages shall mainly include, but not limited to, performance appraisal standards, procedures and key appraisal systems, as well as major reward and penalty plans and policies;
- (2) to review the performance of duties by the directors and senior management of the Company and conduct annual performance appraisal thereof;
- (3) to supervise the implementation of the Company's remuneration policies;
- (4) to review and approve the management's remuneration in light of the corporate policies and objectives established by the board of directors;
- (5) either of the following: (i) to determine the 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. This should include non-monetary benefits, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (6) to make recommendations to the board of directors on the remuneration of non-executive directors;
- (7) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (8) to review and approve the compensation payable to executive directors and senior management for any loss or termination of their office or appointment, to ensure that such compensation is consistent with the contractual terms; where it is not consistent with the contractual terms, such compensation shall be fair and reasonable and not excessive;

- (9) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct, to ensure that such arrangements are consistent with the contractual terms; where they are not consistent with the contractual terms, the relevant compensation shall be reasonable and appropriate;
- (10) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- (11) to review and/or approve the matters relating to the share scheme pursuant to Chapter 17 of the Listing Rules;
- (12) to ensure that the share options or awards (if any) granted by the Company to its directors or senior management are in accordance with Chapter 17 of the Listing Rules (as amended and supplemented from time to time), as applicable, including but not limited to:
  - (a) where share options or awards are granted to directors and/or senior management with a vesting period of less than 12 months, forming views on why a shorter vesting period is appropriate and how such grants align with the purpose of the relevant share incentive scheme;
  - (b) where share options or awards are granted to the directors and/or senior management without performance targets and/or clawback mechanisms, forming views as to why performance targets and/or clawback mechanisms are not required and how such grants align with the purpose of the relevant share incentive scheme.
- (13) to handle other duties and authorities as prescribed by laws, administrative regulations, departmental rules, regulatory documents, and the listing rules of the stock exchange where the shares of the Company are listed (including the relevant code provisions of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules (as amended from time to time)), the Articles of Association, and as otherwise delegated by the board of directors, and to report to the board of directors on matters for which the Committee is responsible within the scope of its duties and authorities (including decisions made or recommendations proposed by the Committee).

**Article 10** The board of directors shall have the right to veto the remuneration plan or scheme which harms the interests of shareholders.

**Article 11** The remuneration plan of the directors of the Company proposed by the Remuneration and Appraisal Committee shall be submitted to the board of directors for approval and then submitted to a general meeting for consideration and approval before implementation. The remuneration distribution plan of the senior management shall be submitted to the board of directors for approval.

## **Chapter 4 Procedures for Decision Making**

**Article 12** The Remuneration and Appraisal Committee or the working group under the Committee shall be responsible for performing the preliminary preparation works for the matters to be considered by the Remuneration and Appraisal Committee and shall provide the following relevant information to the Committee:

- (1) information on the status of completion of the Company's main financial indicators and operating indicators;
- (2) information on the scope of work and the major responsibilities of the senior management of the Company;
- (3) information on the fulfillment of indicators involved in the performance evaluation system of the directors and senior management;
- (4) information on the operational performance of business innovation and profitability of the directors and senior management;
- (5) basis of relevant measurement adopted for formulating the Company's remuneration distribution plans and methods according to the operating results of the Company.

**Article 13** Procedures for the assessment of the directors and the senior management performed by the Remuneration and Appraisal Committee are as follows:

- (1) the directors and the senior management of the Company shall report their work to the Remuneration and Appraisal Committee and conduct self-assessment;
- (2) the Remuneration and Appraisal Committee shall conduct performance assessment of the directors and the senior management according to the performance assessment criteria and procedures;
- (3) the Remuneration and Appraisal Committee proposes the amount of remuneration and award method for the directors and the senior management based on the performance assessment results and remuneration distribution policy. After the proposal is approved by the Remuneration and Appraisal Committee, it shall be reported to the board of directors for consideration and approval.

**Article 14** If necessary, the Remuneration Committee may engage an intermediary institution to provide professional advice on decision-making at the Company's expense.

## Chapter 5 Rules of Procedures

- Article 15** The Remuneration and Appraisal Committee shall convene at least one meeting annually and convene extraordinary meetings according to the proposals of the Committee members and shall notify all members three days in advance. The meeting shall be presided over by the chairman, or where the chairman is unable to attend the meeting, he/she shall authorize another member, who shall be an independent non-executive director, to preside over the meeting.
- Article 16** The meeting of the Remuneration and Appraisal Committee shall not be held unless over two-thirds of the members attend the meeting. Each member shall have one vote and the resolutions made by the meeting must be approved by over half of all members.
- Article 17** Voting at the meeting of the Remuneration and Appraisal Committee shall be taken by a show of hands and an extraordinary meeting may also be convened in the form of communication.
- Article 18** The Remuneration and Appraisal Committee may invite directors and other senior management of the Company to attend the meeting when necessary.
- Article 19** In the event that the discussion at a meeting of the Remuneration and Appraisal Committee is related to a member of the committee, such member shall be absent from such discussion.
- Article 20** The convening procedure and voting method of the meeting of the Remuneration and Appraisal Committee and the remuneration policies and distribution plans passed at such meetings shall comply with the relevant laws, regulations, the Articles of Association and the terms of reference.
- Article 21** The Remuneration and Appraisal Committee shall keep minutes of its meetings. The minutes shall be signed by committee members attending the meeting and shall be kept by the secretary to the board of directors.
- Article 22** The resolutions passed and poll results of a meeting of the Remuneration and Appraisal Committee shall be submitted to the board of directors in writing.
- Article 23** All members of the Committee present at the meeting shall be obliged to keep all matters discussed at the meeting confidential and shall not disclose the relevant information without authorization.

## **Chapter 6 Supplementary Provisions**

- Article 24** The terms of reference shall be effective from the date when the resolution of the board of directors is approved and the date of listing and trading of H shares of the Company on The Stock Exchange of Hong Kong Limited.
- Article 25** For any matters not covered by the terms of reference, they shall be executed in accordance with the relevant PRC laws and regulations, the Listing Rules and the Articles of Association. In the event that the terms of reference contravene any future PRC laws and regulations to be promulgated, the Listing Rules or the Articles of Association amended through valid procedure, then the relevant PRC laws and regulations, the Listing Rules, and the Articles of Association shall prevail and the terms of reference shall be revised immediately and then reported to the board of directors for consideration and approval.
- Article 26** The right to interpret the terms of reference shall reside in the board of directors.

**Beijing Haizhi Technology Group Co., Ltd.**