



# CHINA HANKING HOLDINGS LIMITED

(the “Company”)

## Terms of Reference and Operating Model of the Remuneration Committee (the “Committee”)<sup>1</sup>

### Membership

1. The Committee shall comprise three directors, the majority of whom shall be independent non-executive directors.
2. Members of the Committee shall be nominated by the chairman of the board of directors of the Company (the “Board of Directors”), more than one-half of the independent non-executive directors or more than one-third of all directors, subject to election by the Board of Directors.
3. The Committee shall have one chairman to be acted by an independent non-executive director. The chairman shall be elected from among members, subject to approval by the Board of Directors.
4. Members of the Committee shall have the same term of office as their directorship and the term of office is renewable upon re-election. If members no longer act as directors or independent non-executive directors of the Company due to resignation or other reasons, they shall automatically lose their office as members from the date when they no longer act as directors or independent non-executive directors. The Board of Directors shall arrange for replacements to fill the vacancies in accordance with the articles of association of the Company and these rules.
5. The Committee shall establish a working group exclusively responsible for providing information relating to the business of the Company and relevant information of the appraisees, preparing meetings of the Committee and implementing relevant resolutions of the Committee.

### Frequency and Proceedings of Meetings

6. The Committee shall convene meetings at least once a year. All members shall be notified of the meeting in five days prior to the meeting. Meetings shall be presided over by the chairman of the Committee and the chairman, if unable to attend, may appoint another member who is an independent non-executive director to preside over the meeting. If necessary, the Committee shall convene additional meetings.

---

<sup>1</sup> These terms of reference and the operating model are written in Chinese and the English version is intended only for reference. In case of any inconsistency between the Chinese and English version, the Chinese version shall prevail.

7. The chairman of the Committee may decide to convene additional meetings at his/her own discretion.
8. Meetings shall be held by more than two-thirds of the members attending the meeting. Each member has one voting right. Resolutions adopted at the meetings shall be passed by a majority vote of all members.
9. The Committee may, from time to time, invite consultants (including but not limited to external independent consultants) to sit in on the meetings and give advice to members. The Committee may also invite directors and senior management of the Company to sit in on the meetings when necessary.
10. The Committee shall vote on a show of hands or on a poll at the meetings. Interim meetings may be convened in the form of voting by communication means.
11. Where an agenda relating to a member is to be discussed at the meeting of the Committee, the member concerned shall abstain from the meeting.
12. The procedures for convening the meeting, means of voting and resolutions passed at the meeting of the Committee in respect of remuneration policies and allocation scheme shall comply with relevant laws, regulations, the articles of association of the Company and the provisions of these rules.
13. The Committee may appoint the company secretary to handle the following routine affairs:
  - (a) maintain minutes of meeting, sort out opinions of all members attending the meeting and deliver minutes to them for signing; and
  - (b) distribute minutes of meeting to members of the Committee within 14 days upon conclusion of the meeting.

The minutes of the meetings of the Committee shall be maintained by the company secretary.

14. Resolutions and voting results adopted at the meetings of the Committee shall be reported to the Board of Directors in writing.
15. All members attending the meeting shall keep confidential of all matters discussed at the meeting. Unauthorized disclosure of the relevant information shall be prohibited.

## **Duties, Powers and Functions**

16. The Committee shall:

- (a) formulate remuneration policies for submission to the Board of Directors for approval (factors to be considered in the remuneration policies shall include remuneration paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group for directors, senior management and general staff) and implement remuneration policies determined by the Board of Directors;
- (b) in general circumstances where the above is not being affected:
  - (i) formulate guidelines for the recruitment of the Company's chief executive and senior management;
  - (ii) make recommendations to the Board of Directors on remuneration policies and structure for directors (including the chief executive of the Company) and senior management, and ensure no director or any of his/her associates shall be involved in determining his/her own remuneration;
  - (iii) make recommendations to the Board of Directors in respect of the remuneration packages, including non-monetary benefits, pension rights and compensation (including compensation for the loss of office or appointment) for individual executive directors (including the chief executive of the Company) and senior management, and consult the chairman of the Board of Directors and/or the Company's chief executive (whichever is appropriate) in respect of recommendations on the remuneration of the Company's chief executive and/or senior management;
  - (iv) review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair, reasonable and not excessive;
  - (v) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise fair, reasonable and not excessive;
  - (vi) determine staff performance evaluation standards which should reflect the business objectives and targets of the Company;
  - (vii) assess the performance of executive directors, senior management and general staff in accordance with their respective performance standards with reference to market standards, consider annual performance bonuses for the relevant officers and staff and make recommendations to the Board of Directors;

- (viii) review and approve the management's remuneration proposals with reference to the Board of Directors' corporate goals and objectives;
- (ix) make recommendations to the Board of Directors on the remuneration of the non-executive directors;
- (x) appoint external independent professional consultants to give assistance and/or advice to the Committee on matters if necessary;
- (xi) take any action to enable the Committee exercise the powers and functions delegated by the Board of Directors; and
- (xii) exercise other relevant duties and powers provided or recommended by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and/or relevant applicable laws, regulations and rules that are enforceable from time to time.

### **Decision-making Procedures**

17. The working group under the Committee shall be responsible for undertaking proper preparations for decision making by the Committee, and providing relevant information of the Company:
  - (a) progress in achieving the Company's key financial indicators and business targets;
  - (b) scope of work in charge by the Company's senior management and their main duties;
  - (c) progress in achieving indicators involved in the performance appraisal system for the positions of directors and senior management;
  - (d) operating performance in terms of business innovation capability and profit generation capacity of directors and senior management; and
  - (e) relevant calculation basis in preparing the Company's pay distribution plans and allocation methods based upon the performance of the Company.
18. The procedures for the assessment of directors and senior management by the Committee are:
  - (a) the Company's directors and senior management report to the Committee under the Board of Directors on their work and conduct a self-evaluation;
  - (b) the Committee evaluates the performance of directors and senior management in accordance with the performance appraisal standards and procedures; and
  - (c) the Committee proposes the amount of compensation and the incentive schemes for directors and senior management according to the job performance appraisal results and remuneration distribution policies and, upon voting and passing, report to the Board of Directors.