



Zhejiang RuiYuan Intelligent Control Technology Company Limited*

浙江瑞遠智控科技股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8249)

(Adopted on 1 June 2003 and updated on 15 March 2017)

Remuneration Committee

Terms of Reference

Members

1. The majority of the members of the Remuneration Committee (the “**Remuneration Committee**”) of Zhejiang RuiYuan Intelligent Control Technology Company Limited (the “**Company**”) shall be appointed by the board of directors (the “**Board**”) from amongst the independent non-executive directors and should consist of not less than three members.
2. The chairman of the Remuneration Committee (the “**Chairman**”) shall be an independent non-executive director as appointed by the Board.
3. The composition of the Remuneration Committee shall comply with the requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong (the “**GEM Listing Rules**”) as amended from time to time.

Quorum

4. The quorum for meetings of the Remuneration Committee shall be two-thirds (including two-thirds) above the members attend.
5. Meetings of the Remuneration Committee could be held in person, by telephone or by video conference. The members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.

Secretary

6. The company secretary of the Company (the “**Company Secretary**”) shall be the secretary of the Remuneration Committee. In the absence of the Company Secretary in any meeting of the Remuneration Committee, a member of the Remuneration Committee or such other person it may appoint should act as the secretary of the meeting of the Remuneration Committee.

* *For identification purposes only*

Attendance

7. The Chief Executive Officer shall be invited to attend meetings of the Remuneration Committee to discuss the performance of executive directors and where necessary, make recommendations.
8. The Chief Executive Officer shall report to the Remuneration Committee any material changes within the Group which may affect the remuneration structure and terms and conditions of other senior management.

Frequency and Proceedings of Meetings

9. The Remuneration Committee shall meet at least once a year.
10. Arrangements should be in place to ensure that all Remuneration Committee members are given an opportunity to include matters in the agenda for regular meetings.
11. Notice of at least 14 days together with an agenda should be given of a regular meeting to give all Remuneration Committee members an opportunity to attend. For all other board meetings, reasonable notice should be given.
12. All Remuneration Committee Members and attendees should be provided with an agenda and accompanying paper in full in a timely manner and at least 3 days before the intended date of meeting to enable them to make informed decisions.
13. All Remuneration Committee members should have access to the advice and services of the Company Secretary with a view to ensuring that board committee procedures, and all applicable law, rules and regulations, are followed.
14. Remuneration Committee papers and minutes should be open for inspection at any reasonable time on reasonable notice by any director.

Authorities

15. The Remuneration Committee may seek appropriate independent professional advice at the Company's expense as the Remuneration Committee deems necessary.
16. The Remuneration Committee should be provided with sufficient resources to perform its duties.
17. The Remuneration Committee is authorized by the Board:
 - (1) to determine the policy for the remuneration of executive directors and to determine or make recommendations to the Board the remuneration for all directors and senior management;
 - (2) to delegate its authority and duties to sub-committees, or individual members of the Remuneration Committee, as it deems appropriate;
 - (3) to do any such things to enable the Remuneration Committee to discharge its authority and duties conferred on it by the Board; and

- (4) to conform to any requirement, direction and regulation that may from time to time be prescribed by the Board, contained in the articles of association of the Company or imposed by law, regulations or the GEM Listing Rules.

Duties

18. The duties of the Remuneration Committee are:

- (1) to formulate the remuneration policy for all the executive directors and the senior management, assess performance of executive directors and the senior management and approve the terms of their service contracts; the substantial part of the remuneration of all the executive directors and the senior management must be linked to corporate and individual performance;
- (2) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (3) to consult the chairman of the Board and/or Chief Executive Officer of the Company about their remuneration proposals for other executive directors and/or the senior management. The Remuneration Committee should have access to independent professional advice if necessary;
- (4) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (5) to determine, with delegated responsibility, the remuneration packages of 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;
- (6) to make recommendations to the Board of the remuneration of non-executive directors;
- (7) when considering the remuneration proposals for directors and senior management, to consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions of such directors and senior management elsewhere in the Group and desirability of performance-based remuneration;
- (8) to review and determine performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (9) to review and determine the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

- (10) to review and determine compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (11) to ensure that no director or any of his associates is involved in deciding his own remuneration;
- (12) to make recommendations to the Board on the Company's policy and structure for remuneration of all employees including salaries, incentive schemes and other share option schemes, and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (13) to make recommendations to the Board on disclosure of directors' remuneration (including policy for the remuneration of executive directors, details of remuneration of certain individuals and other terms and conditions) in the annual report sent to the shareholders of the Company; and
- (14) to report to the Board on its findings, decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

Minutes of meetings

19. Minutes of meetings of the Remuneration Committee shall be kept by the secretary of the meeting of the Remuneration Committee (the Company Secretary). Draft and final versions of the minutes shall be sent to all members of the Remuneration Committee for their comment and record within a reasonable time after the meeting.

Performance review

20. The Remuneration Committee shall review its performance annually with reference to the authorities and duties set out herein and submit to the Board to review and approve.

Others

21. The terms of reference of the Remuneration Committee shall be posted both on the Company's website and the website of the Hong Kong Stock Exchange.