



长安仁恒

Zhejiang Chang'an Renheng Technology Co., Ltd.*
浙江长安仁恒科技股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 8139)

Terms of Reference of the Remuneration Committee
under the Board of Directors
(updated on 30 December 2022)

Chapter 1: General Provisions

Article 1: The Company has set up a Remuneration Committee under the Board of Directors and formulated these Terms of Reference pursuant to the Company Law of the People's Republic of China, the Corporate Governance Code for Listed Companies, the Articles of Association, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant regulations for the purpose of further establishing a sound mechanism governing the appraisal and remuneration of directors and senior management members of Zhejiang Chang'an Renheng Technology Co., Ltd. (hereinafter, the "Company") and improving the corporate governance structure.

Article 2: The Remuneration Committee shall be an ad hoc working body set up under the Board of Directors, primarily in charge of setting appraisal criteria for and conduction assessments of directors and senior management members of the Company as well as formulating and reviewing remuneration policies and plans for directors and senior management members of the Company. It shall be accountable to the Board of Directors.

Chapter 2: Composition

Article 3: The Remuneration Committee shall be composed of three directors, of whom no less than two-thirds shall be independent non-executive directors.

Article 4: Members of the Remuneration Committee shall be nominated by the chairman of the Board of Directors, more than half of the independent non-executive directors or one-third of all the directors, and elected by the Board of Directors.

* *For identification purpose only*

Article 5: The Remuneration Committee shall have one convener who shall be an elected independent non-executive director, in charge of managing the work of the committee. The convener shall be elected by a majority of members among members of the Remuneration Committee. If members of the Remuneration Committee are unable to reach a relatively unified opinion, the convener shall be designated by the Board of Directors.

Article 6: The term of office of the Remuneration Committee shall be the same as that of the Board of Directors. Members may serve for another term of office after being re-elected upon expiration of the term of office. If a member no longer serves as a director of the Company or if a member who shall have the status of an independent non-executive director no longer has the independence required by the Articles of Association during the term of office, he/she shall be automatically disqualified as a member, and the number of members shall be made up by the Board of Directors pursuant to Articles 3 to 5 above.

Article 7: A working group shall be set up under the Remuneration Committee, to be specially in charge of providing information related to the operation and management of the Company and other information related to the staff evaluated; making preparations for the meetings of the Remuneration Committee; and executing the relevant resolutions of the Remuneration Committee.

Chapter 3: Duties and Powers

Article 8: The main duties and powers of the Remuneration Committee are:

- (1) to examine the appraisal criteria for directors and senior management members, conduct appraisals in line with the Company's actual business situation and make recommendations;
- (2) to examine and review the remuneration policies and plans for directors and senior management members and conduct performance evaluation thereof, and formulate such remuneration policies so as to set up formal and transparent procedures;
- (3) to determine the specific remuneration packages of all executive directors and senior management members, including non-monetary benefits, pension rights and compensation payments (including compensation for the loss or termination of office or appointment), and to make recommendations to the Board of Directors on the remuneration of non-executive directors;
- (4) to review and approve performance-based remuneration by reference to the Company's targets adopted by the Board of Directors from time to time;

- (5) to review and approve compensation payments to executive directors and senior management members in relation to the loss or termination of office or appointment to ensure that such compensation is determined pursuant to contract terms, failing which the compensation shall be fair and reasonable as well, and shall not create an overburden on the Company;
- (6) to review and approve compensation arrangements related to the dismissal or removal of directors from office due to misconduct in order to ensure that such arrangements are determined pursuant to contract terms, failing which such compensation shall be reasonable and appropriate as well;
- (7) to ensure that no directors or any of their associates are allowed to determine remuneration on their own;
- (8) to be in charge of supervising the implementation of the Company's remuneration system;
- (9) to consider the remuneration paid by those companies of a similar nature, the time needed to spend, the duties needed to discharge and the terms of employment for other positions within the Company;
- (10) to review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules; and
- (11) to handle other matters authorized by the Board of Directors.

Article 9: The Board of Directors shall have the right to veto remuneration plans or proposals which prejudice the interests of shareholders.

Article 10: The remuneration plans for directors of the Company proposed by the Remuneration Committee shall be subject to approval by the Board of Directors and submitted for consideration and approval at a shareholders' meeting before implementation. The remuneration distribution plans for the Company's senior management members shall be subject to approval by the Board of Directors.

Chapter 4: Decision-making Process

Article 11: The working group set up under the Remuneration Committee shall be in charge of making good initial preparations for the decision-making by the Remuneration Committee by providing information about the Company on:

- (1) details on the attainment of key financial indicators and business objectives;

- (2) details on the scope of work the senior management members are in charge of and their main responsibilities;
- (3) details on the attainment of indicators related to the job performance appraisal mechanism for the positions of directors and senior management members;
- (4) details on the business performance related to the business innovation capability and profitability of directors and senior management members; and
- (5) the basis of the estimates of the remuneration distribution plans and the methods of distribution which are to be made in line with the Company's performance.

Article 12: The Remuneration Committee's evaluation procedures for directors and senior management members:

- (1) the directors and senior management members make a report on their work and a self-evaluation to the Remuneration Committee;
- (2) the Remuneration Committee conducts a performance evaluation of directors and senior management members pursuant to the performance evaluation criteria and procedures;
- (3) the Remuneration Committee proposes remuneration amounts and reward methods for directors and senior management members based on the results of the position performance evaluation and the remuneration distribution policy, to be submitted to the Board of Directors upon approval by voting.

Chapter 5: Rules of Procedure

Article 13: Meetings of the Remuneration Committee shall be convened at least once a year, and all the members shall be notified seven days prior to the meetings. Meetings shall be chaired by the convener, who may appoint another member to chair the meetings if he/she is unable to attend the meetings.

Article 14: A meeting of the Remuneration Committee may be held only if it is to be attended by more than two-thirds of the members. Each member shall have one vote. Resolutions made at the meeting shall be subject to approval by a majority of all members.

- Article 15: At a meeting of the Remuneration Committee, members shall vote by a show of hands or by ballot. At an interim meeting, members may vote by way of telecommunications.
- Article 16: The Remuneration Committee may, when necessary, invite directors, supervisors and other senior management members of the Company as well as members of the working group to be in attendance at meetings.
- Article 17: The Remuneration Committee may, when necessary, engage an intermediary to provide professional advice on its decision making at the expense of the Company.
- Article 18: During the discussion of issues related to the members of the Remuneration Committee at the meetings of the committee, the parties concerned shall withdraw therefrom.
- Article 19: The procedures for convening meetings of the Remuneration Committee, methods of voting thereat as well as the remuneration policies and distribution plans passed thereat shall be in compliance with the provisions of the relevant laws and regulations as well as the Articles of Association and these Terms of Reference.
- Article 20: The Remuneration Committee shall have minutes for its meetings. Members attending the meetings shall sign the minutes which shall be kept by the Secretary to the Board of Directors of the Company.
- Article 21: Resolutions passed at a meeting of the Remuneration Committee and the results of voting thereat shall be reported in writing to the Board of Directors.
- Article 22: Members present at meetings shall have a confidentiality obligation towards the matters discussed thereat and may not disclose relevant information without authorization.

Chapter 6: Supplementary Provisions

- Article 23: These Terms of Reference shall come into force from the date of adoption of the resolution of the Board of Directors.

Article 24: Matters not covered by these Terms of Reference shall be handled pursuant to the provisions of the relevant laws and regulations of China as well as the Articles of Association. In case of any conflict between these Terms of Reference and the laws or regulations to be promulgated by China in future or the Articles of Association as amended pursuant to lawful procedures, such matters shall be handled pursuant to the provisions of the relevant laws and regulations of China as well as the Articles of Association, and these Terms of Reference shall be revised promptly and submitted to the Board of Directors for consideration and approval.

Article 25: For the purpose of these Terms of Reference, “other senior management members” shall refer to the management members prescribed in the Articles of Association, and those designated by the Board of Directors in line with the Company’s business needs and subject to approval at a shareholders’ meeting.

Article 26: The right to interpret the appraisal criteria shall be vested in the Board of Directors.

Note: If there is any inconsistency between the English and Chinese versions of these terms, the English version shall prevail.