

These Procedures are prepared in English. In the event that there is any discrepancy or inconsistency between the English version and the Chinese version, the English version shall prevail.



XIANGXING INTERNATIONAL HOLDING LIMITED

象興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(the “**Company**” together with its subsidiaries, the “**Group**”)

(Stock code: 1732)

**REMUNERATION COMMITTEE
TERMS OF REFERENCE**

Adopted by the board (the “**Board**”) of directors (the “**Directors**”) of the Company on 13 February 2017, amended on 22 August 2019.

Membership

1. The members of the Remuneration Committee shall be appointed by the Board from time to time from among the Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors (the “**INEDs**”).
2. The Chairman of the Remuneration Committee shall be appointed by the Board and should be an INED.
3. The term of office of a member of the Remuneration Committee shall be determined by the Board.
4. Subject to Rules 1, 2 and 3 above, the Board may, from time to time, at its discretion, change the composition of the members of the Remuneration Committee. An appointment of a member of the Remuneration Committee shall be automatically revoked if such member ceases to be a member of the Board.
5. Each member of the Remuneration Committee shall disclose to the Remuneration Committee:
 - (a) any personal financial interest (other than as a shareholder of the Company (the “**Shareholder**”)) in any matter to be decided by the Remuneration Committee; or
 - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Remuneration Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Remuneration Committee.

Frequency and conduct of meetings

6. Unless otherwise stated herein, the meetings of the Remuneration Committee are governed by the provisions regulating the meetings and proceedings of Directors in the Company's articles of association.
7. Meetings shall be held at least once a year. The chairman of the Remuneration Committee shall convene a meeting upon request by any member of the Remuneration Committee.
8. An agenda and any accompanying Remuneration Committee papers should be sent in full to all members of the Remuneration Committee in a timely manner and at least three days before the proposed date of a meeting of the Remuneration Committee (or other agreed period).
9. The quorum of a Remuneration Committee meeting shall be any two members of the Remuneration Committee, one of whom must be an INED.
10. Unless otherwise agreed by all the Remuneration Committee members, a meeting shall be called by at least 7 days' notice. Such notice shall be sent to each member of the Remuneration Committee, and to any other person invited to attend. Irrespective of the length of notice being given, attendance of a Remuneration Committee member at a meeting constitutes a waiver of such notice unless the Remuneration Committee member attending the meeting attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting has not been properly convened.
11. The Company is obliged to supply the members of the Remuneration Committee with adequate information, in a timely manner, in order to enable them to make informed decisions. Where more detailed and complete information is requested from the Remuneration Committee, the Board shall make further inquiries if needed. The Remuneration Committee could contact the Board or individual Director(s) or senior management individually and independently.

Annual General Meetings

12. The chairman of the Remuneration Committee shall attend the Company's annual general meeting and be prepared to respond to any shareholder's questions on the Remuneration Committee's activities.

13. If the chairman of the Remuneration Committee is unable to attend an annual general meeting of the Company, he or she shall arrange for another member of the Remuneration Committee, or failing this, his or her duly appointed delegate, to attend in his or her place. Such person shall be prepared to respond to any shareholder's questions on the Remuneration Committee's activities.
14. The secretary of the Remuneration Committee shall be the company secretary of the Company or his/her appointed delegate.

Authority

15. The Remuneration Committee is authorised by the Board to discharge its duties within these terms of reference. It is authorised to seek any remuneration information it requires from relevant parties of the Company. The Remuneration Committee is authorised and encouraged by the Board to obtain external independent professional advice from reputable internationally recognised advisers, at the Company's expenses, and to secure the attendance of such external advisers with relevant experience and expertise. The Remuneration Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external remuneration consultant who advises the Remuneration Committee.
16. The Remuneration Committee should be provided with sufficient resources to perform its duties.

Duties

17. The duties of the Remuneration Committee shall include:
 - (a) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - (b) reviewing and approving the management's remuneration proposals with reference to the Board's goals and objectives;
 - (c) being responsible for either:
 - i. determining, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or
 - ii. making recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- (d) making recommendations to the Board on the remuneration of non-executive Directors;
 - (e) considering salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
 - (f) reviewing and approving the compensation payable to executive Directors and senior management for any loss or termination of office or appointment in order to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;
 - (g) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct in order to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;
 - (h) ensuring that no Director or any of his/her associates (as such term is defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) is involved in deciding his own remuneration; and
 - (i) reviewing the policy of the Company and its subsidiaries and associated companies at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and associated companies, the present subsidiaries and associated companies of the Company or the businesses operated by its present subsidiaries and associated companies or (as the case may be) its predecessor, on expense reimbursements for the Directors and senior management.
18. In carrying out its duties under these terms of reference, the Remuneration Committee should:
- (a) consult the chairman of the Board about its remuneration proposals for other executive Directors and senior management and to consult independent professional advice if necessary;
 - (b) provide competitive packages needed to attract, retain and motivate executive Directors and senior management of the quality required in line with market practice;
 - (c) judge where to position the Group relative to other companies in the industry in which the Group operates. The Remuneration Committee should be aware what comparable companies are paying and should take account of relative performance;

- (d) be sensitive to market practice, including pay and employment conditions within the Group and elsewhere in the industry in which the Group operates, especially when determining annual salary increases;
 - (e) review and approve individual performance objectives relevant to the remuneration of the Board and senior management;
 - (f) review the actual performance of the Group against the performance targets for annual bonuses (if any) and the performance conditions for share incentive plans (if any), and make recommendations to the Board;
 - (g) ensure that the performance-related elements of remuneration as referred to in Rule 18(e) and (f) above form a significant proportion of the total remuneration package of executive Directors and senior management and are designed to align their interests with those of the shareholders and to give the Directors and senior management incentives to perform at the highest levels; and
 - (h) ensure that share options offered by the Company to its Directors or senior management (if any) are in accordance with Chapter 17 of the Listing Rules or the employees incentive schemes are in compliance with applicable laws and regulations, as applicable.
19. Without prejudice to the generality of these terms of reference for the Remuneration Committee set out above, the Remuneration Committee shall:
- (a) operate the Company's share option scheme or other incentive schemes as they apply to, and recommend to the general meeting of shareholders, grants of options to be made to Directors and senior management. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
 - (b) liaise with the trustee of any employee share incentive scheme which is created by the Company for the benefit of employees, senior management or Directors;
 - (c) review the terms of executive Directors' and senior management's appointment letters from time to time; and
 - (d) advise the Board in relation to the preparation of the Board's remuneration report (if any) to the shareholders.

Reporting procedures

20. Full minutes of the Remuneration Committee's meetings shall be kept by the secretary of the Remuneration Committee, and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
21. Minutes of meetings of the Remuneration Committee shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes should be sent to all members of the Remuneration Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.
22. Without prejudice to the generality of the duties of the Remuneration Committee set out in these terms of reference, the Remuneration Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on doing so.

Provision of terms of reference

23. The Remuneration Committee shall make available these terms of reference on request and by inclusion on The Stock Exchange of Hong Kong Limited's (the "**Stock Exchange**") website and the Company's website, thereby explaining the role of the Remuneration Committee and the authority delegated to it by the Board.

Approval of Disclosure Statements

24. The Remuneration Committee shall be responsible for approving all disclosure statements in relation to the Remuneration Committee, including but not limited to relevant disclosure statements in annual reports, interim reports and information uploaded on the Stock Exchange's website and the Company's website.

Review of terms of reference

25. The Remuneration Committee shall review these terms of reference annually, and may consider and submit to the Board any proposed changes that the Remuneration Committee deems appropriate or advisable.