

Shanghai Conant Optical Co., Ltd.

Terms of Reference of the Remuneration Committee under the Board

CHAPTER 1 GENERAL PROVISIONS

- Article 1 In order to further enhance the management system of appraisal and remuneration of directors and senior management of Shanghai Conant Optical Co., Ltd. (the “Company”) and improve the corporate governance structure of the Company, the Board of the Company has established the Remuneration Committee (the “Committee”) and promulgated these terms of reference in accordance with the *Company Law of the People’s Republic of China*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “Listing Rules”), and the *Articles of Association of Shanghai Conant Optical Co., Ltd.* (the “Articles”) and other relevant rules.
- Article 2 The Committee is a special working body set up by the Board pursuant to the Articles. It shall be responsible for studying the appraisal criteria of directors and senior management, conducting and advising on appraisals, studying and reviewing remuneration policies and plans regarding directors and senior management. The Committee is accountable to the Board.
- Article 3 For the purpose of these terms of reference, “remuneration” includes but not limited to all the salaries, bonus, allowances, benefits (in cash or in kind), pension, compensation (including the compensation payable due to loss or termination of office or appointment), grant of options and shares.

CHAPTER 2 COMPOSITION

- Article 4 The appointment of members of the Committee shall be considered and approved by the Board, the majority of which shall be independent non-executive directors.

Article 5 The Committee shall have one chairman who shall be an independent non-executive director, and be in charge of the work of the Committee. The chairman shall be nominated by the chairman of the Board and appointed by the Board. The main powers and duties of the chairman are as follows:

- (I) convening and presiding over regular and ad-hoc meetings of the Committee;
- (II) determining the agenda of each meeting of the Committee;
- (III) signing material documentation of the Committee;
- (IV) ensuring that the Committee reaches a clear conclusion to each proposal which includes approved, rejected or to discuss after materials are supplemented;
- (V) other powers and duties as stipulated in these terms of reference.

Article 6 The terms of office of the members of the Committee shall be in conformity with that of their directorship. Members of the Committee may be re-elected or re-appointed at the expiry of their terms of office.

No members shall, before the expiration of his or her terms of office, be removed from office without cause except for the circumstances that require dismissal as stipulated in the laws and regulations, the Articles, the Listing Rules or these terms of reference.

If any member ceases to be a director of the Company or cannot continue to be a director due to other causes during his or her terms of office, he or she shall be automatically disqualified from acting as a committee member, and such vacancy shall be filled by the Board pursuant to Article 4 of these terms of reference.

CHAPTER 3 POWERS AND DUTIES

Article 7 The powers and duties of the Committee shall include the powers and duties set out in the code provisions of the Corporate Governance Code under Appendix 14 of the Listing Rules from time to time. Without prejudice to the foregoing, the Committee shall perform the following duties:

- (I) advising the Board on the overall remuneration policy and structure for directors and senior management, and the establishment of a formal and transparent procedure for developing remuneration policy;
- (II) studying appraisal criteria, performance evaluation procedures, remuneration and rewards and punishment policies for directors and senior management, and submitting them to the Board for approval;
- (III) reviewing the performance of duties by directors and senior management of the Company, and conducting performance appraisal and evaluation over them;
- (IV) reviewing and approving proposals on senior management's remuneration in accordance with the Company's guidelines and objectives approved by the Board;
- (V) recommending to the Board the remuneration packages formulated (including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) for the Company's individual executive directors, non-executive directors and senior management. In formulating the remuneration packages for directors and senior management, factors to be considered by the Committee include the Company's guidelines and objectives, remuneration paid by comparable companies, time commitment and responsibilities of the directors and senior management, and employment conditions elsewhere within the Company;
- (VI) reviewing and approving the compensation for the loss or termination of the office or appointment of the executive directors and senior management to ensure that it is consistent with relevant contractual terms; in case of any inconsistency, such compensation shall be fair, reasonable and not excessive;

- (VII) reviewing and approving the compensation arrangements with regard to the dismissal or removal of directors due to their misconduct to ensure that they are consistent with relevant contractual terms; in case of any inconsistency, such compensation shall be proper and reasonable;
- (VIII) ensuring any director or any of their associates not to determine by themselves, or be involved in determining, their remuneration;
- (IX) supervising the implementation of the Company's remuneration system;
- (X) studying and advising on the Company's equity incentive proposal;
- (XI) reporting to the Board on their decisions or recommendations, unless as restricted by the laws or regulations;
- (XII) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, including any grant of options or awards to directors or senior management (if applicable), and to make disclosure and give explanation on the appropriateness to such material matters (if any) being approved in the corporate governance report;
- (XIII) other matters authorized by the Board;
- (XIV) other relevant requirements for powers and duties of the Committee according to the regulatory rules of the place where the shares of the Company are listed as amended from time to time.

Article 8 The Company's human resources department is the supporting and coordination department and the secretary of meetings of the Committee. The Committee may source supports from the Company's relevant departments or personnel upon a temporary designation according to work requirements. The office of the Board is responsible for the specific work including issuing meeting notice, keeping meeting minutes and resolutions, and jointly preparing for and organizing meetings with the supporting and coordination department of the Committee. The secretary to the Board is responsible for coordinating work among the Committee, the supporting and coordination department of the Committee and the office of the Board and shall attend the meetings of the Committee as observer.

- Article 9 The Committee shall be accountable to the Board. Any proposal of the Committee shall be submitted to the Board for consideration and approval unless otherwise authorized by the Board.
- Article 10 The remuneration plan of directors of the Company proposed by the Committee shall be approved by the Board, and be implemented upon approval of the general meeting of shareholders. The remuneration distribution plan of senior management of the Company shall be subject to approval of the Board.
- Article 11 The Board shall have right to veto the remuneration plan which is incompliant with the laws and regulations or against the shareholders' interests.
- Article 12 The Committee shall seek for advice on the remuneration plan of other executive directors from the chairman of the Board and/or the President. The Committee may engage intermediate agencies to provide independent and professional advice on its decisions where necessary and the reasonable expenses arising therefrom shall be borne by the Company.
- Article 13 At the invitation of the chairman of the Board, the chairman of the Committee, or in his or her absence, another member or his or her authorized representative, shall attend and answer questions at the Company's annual general meetings.
- Article 14 The Committee shall make its terms of reference available on the websites of the Company and the stock exchange on which the Company's shares are listed, to explain its role and powers delegated to it by the Board in accordance with the relevant requirements under the regulatory rules in the place where the Company's shares are listed.

CHAPTER 4 WORKING PROCEDURES

- Article 15 The human resources department is primarily responsible for the preparatory work for the Committee in making decisions and offering the relevant written materials timely, completely and truthfully as required by the Committee, including:
- (I) achievement of the major financial indicators and operation targets of the Company;

- (II) scope of duties and performance of major responsibilities by the senior management of the Company;
- (III) performance of directors and senior management in meeting targets in the performance appraisal system;
- (IV) estimation basis of the remuneration plan and distribution method of the Company prepared in accordance with the results of the Company.

Article 16 The evaluation procedures of the Committee on the directors and senior management are as below:

- (I) the directors and senior management of the Company shall report to the Committee and perform self-assessment;
- (II) the Committee shall conduct performance appraisal on directors and senior management in accordance with the performance appraisal standards and procedures;
- (III) the innovation capability and business potential of the directors and senior management of the Company shall be assessed.

Article 17 The Committee shall propose the remuneration amount and forms of reward for directors and senior management in accordance with the performance appraisal results and remuneration distribution policies, which shall be submitted to the Board for approval after being passed.

CHAPTER 5 RULES OF PROCEDURES

Article 18 The Committee shall hold at least one regular meeting annually.

Article 19 The Committee shall hold an ad-hoc meeting if proposed by the chairman of the Committee, two or more members of the Committee, or the Board or the chairman of the Board.

Article 20 A notice shall be given to all members of the Committee by the supporting and coordination department three days prior to the convening of a meeting and the relevant information shall be submitted to each member. In case of emergency that requires the Committee to convene a meeting as soon as possible, the Committee may give a notice of the meeting on that day by phone, facsimile, or e-mail, but the chairman of the Committee must give an explanation at the meeting.

- Article 21 A meeting of the Committee shall be presided over by the chairman or, if he or she is unable to attend, another member of the Committee (being an independent non-executive director) designated by him or her.
- Article 22 A meeting of the Committee shall not be held unless attended by more than two-thirds of its members. Members of the Committee shall attend the meeting in person or in a manner of teleconference or by aid of similar communication equipment. If the member is unable to attend the meeting with cause, he or she may authorize another committee member in writing to attend the meeting on his or her behalf. The power of attorney shall set forth the scope of authorization.
- Article 23 If a meeting of the Committee is held, the relevant personnel of the Company may be invited to attend the meeting as observers when necessary.
- Article 24 The voting at a meeting of the Committee shall be taken by show of hands. Each member shall have one vote. Resolutions passed at the meeting must be approved by a simple majority of all members of the Committee.
- Article 25 An ad-hoc meeting of the Committee may be held by way of written resolutions. Written resolutions shall be dispatched by facsimile, courier or by hand or other methods to all members, and shall be returned in original copies to the Company for filing after deliberation by the members. A proposal signed by consenting members satisfying the threshold hereunder shall become an effective resolution of the Committee.
- Article 26 Where a member of the Committee is involved in the matter being discussed at the meeting of the Committee or a vote is taken thereon, he or she shall abstain from attending such meeting.
- Article 27 The procedures for convening a meeting of the Committee, the voting methods and the resolutions passed at such meetings shall be in compliance with the provisions of the relevant laws, regulations, the Articles and these terms of reference.
- Article 28 Resolutions passed at the meetings of the Committee and any voting results shall be reported to the Board of the Company in writing.

- Article 29 Persons participating in the meetings of the Committee shall undertake confidentiality obligations for all items discussed at the meetings and shall not disclose any information in relation to the meetings unless authorized by the chairman of the Board or the Board of the Company.
- Article 30 The supporting and coordination department of the Committee shall record complete minutes. Minutes of the meeting shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by the Directors or dissenting views expressed. Draft and final versions of minutes of meeting shall be sent to all members of the Committee for their comment and records respectively, in both cases within a reasonable time after the meeting is held. Members of the Committee who attend the meeting shall sign on the minutes. The supporting and coordination department shall submit the minutes to the office of the Board of the Company for filing in a manner in line with the Company's file management policy. Such minutes of meetings shall be open for inspection at any reasonable time on reasonable notice by any Director of the Company.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

- Article 31 Unless otherwise specified, the terms used herein shall have the same meanings ascribed thereto under the Articles.
- Article 32 Any matters not covered by these terms of reference or in the event that these terms of reference are inconsistent with the laws, regulations, the Listing Rules as promulgated or amended from time to time, or the Articles which are formulated or revised by lawful procedures, after these terms of reference become effective, such laws, regulations, the Listing Rules or the Articles shall prevail and these terms of reference shall be amended forthwith and submitted to the Board of the Company for approval.
- Article 33 These terms of reference have been considered and approved by the Board of the Company and shall become effective on the date of the listing of the Company's overseas listed foreign shares on The Stock Exchange of Hong Kong Limited.
- Article 34 Interpretation of these terms of reference shall be vested in the Board of the Company.