讯众股份

Beijing Xunzhong Communication Technology Co., Ltd.

北京訊眾通信技術股份有限公司

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

(Stock Code: 2597)

Remuneration and Assessment Committee Terms of Reference

Chapter 1 General Provisions

Article 1 In order to further establish a sound management system for the appraisal and remuneration of the Directors and members of the senior management of Beijing Xunzhong Communication Technology Co., Ltd. (hereinafter referred to as the "Company"), and improve the corporate governance structure, the Company has formulated the Rules of Procedure of the Remuneration and Assessment Committee of the Board of Directors of the Company (hereinafter referred to as the "Rules") in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Listing Rules"), the Corporate Governance Code in Appendix C1 to the Listing Rules, the regulatory rules of the securities regulatory authorities and stock exchange at the place where the Company's shares are listed, such as The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange") and the relevant provisions of the Articles of Association of the Company (hereinafter referred to as the "Articles of Association"), and in light of the actual situation of the Company.

Article 2 The Remuneration and Assessment Committee is a special working body set up under the Board of Directors (the "Board"). It is mainly responsible for developing appraisal standards for Directors and members of the senior management of the Company and conducting relevant appraisal. It is also responsible for formulating and reviewing the remuneration policies and programs for the Directors and members of the senior management of the Company, and shall be accountable to the Board.

Article 3 Directors mentioned herein refer to all Directors (including independent non-executive Directors) elected by the shareholders' meeting; members of the senior management refer to the general manager, deputy general managers, secretary of the Board and financial controller (chief financial officer) appointed by the Board, and other members of the senior management as stipulated in the laws and regulations, the securities regulatory rules at the place where the Company's shares are listed and the Articles of Association.

Chapter 2 Composition

Article 4 The Remuneration and Assessment Committee shall consist of three Directors, of which at least two are independent non-executive Directors.

Article 5 Members of the Remuneration and Assessment Committee (hereinafter referred to as the "Member(s)") shall be nominated by the chairman of the Board, or at least one-third of all Directors or at least one-half of the independent non-executive Directors, and shall be elected by a majority vote of the members of the Board.

Article 6 The Remuneration and Assessment Committee shall have one convener (i.e. the chairman of the Remuneration and Assessment Committee), who shall be acted by an independent non-executive Director and shall be responsible for presiding over the work of the Remuneration and Assessment Committee. The chairman of the Remuneration and Assessment Committee shall be elected among the Members and be reported to the Board for approval.

Article 7 The term of office of a Member shall be the same as that of the Board for the same session. A Member may serve consecutive terms if re-elected upon expiry of his/her term. During his/her term of office, if any Member ceases to be a Director or any Member who shall be an independent non-executive Director no longer possesses the independence as prescribed in the Company Law, the Articles of Association, the Measures for the Administration of Independent Directors of Listed Companies and the Listing Rules, his/her membership in the Remuneration and Assessment Committee shall lapse automatically.

Article 8 The Remuneration and Assessment Committee may establish a working group as a daily office, responsible for providing information about the Company's operations and relevant information about the appraised personnel, preparing for committee meetings and implementing relevant resolutions. The working group shall mainly comprise relevant personnel from the functional departments responsible for personnel and remuneration management, the office of the general manager, the finance department and the office of the Board.

Chapter 3 Duties and Authorities

Article 9 The Remuneration and Assessment Committee is responsible for developing appraisal standards for Directors and members of the senior management and conducting relevant appraisal, formulating and reviewing the remuneration policies and programs for Directors and members of the senior management, and making recommendations to the Board on the following matters:

(1) to formulate remuneration plans or programs according to the main scope, responsibilities, and importance of the management positions of the Directors and members of the senior management, as well as the remuneration level of relevant positions in other similar companies, formulate remuneration policies and make recommendations to the Board on the overall remuneration policy and structure for Directors and members of the senior management of the Company, including but not limited to performance evaluation criteria, procedures and main evaluation systems, major schemes and systems for rewards and punishments, etc., and on the establishment of formal and transparent procedures, and supervise the implementation of the programs;

(2) to review and approve the management's proposal on remuneration based on the corporate goals and objectives set by the Board;

(3) to review the performance of duties by Directors and members of the senior management of the Company and conduct the annual performance appraisal on them;

(4) to supervise the implementation of the remuneration plan of the Company;

(5) to make recommendations to the Board on the remuneration package of individual executive Directors and members of the senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and make recommendations to the Board on the remuneration of non-executive Directors;

(6) to consider the remuneration package, time commitment, scope of responsibility of similar companies and employment terms of other positions within the group;

(7) to formulate or change equity incentive plans, employee stock ownership plans, and conditions for the grant of interests to and the exercise of rights by incentive participants;

(8) to review and approve the compensation due to executive Directors and members of the senior management for any loss or termination of office or appointment, so as to ensure that such compensation is consistent with the contractual terms; if such compensation is not consistent with the contractual terms, to ensure that it is fair and reasonable;

(9) to review and approve compensation arrangements relating to the dismissal or removal of Directors for misconduct, so as to ensure that such arrangements are consistent with the contractual terms; if such arrangements are not consistent with the contractual terms, to ensure that they are reasonable and appropriate;

(10) to arrange for stock ownership plans for subsidiaries to be spun off by Directors and members of the senior management;

(11) to ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in the determination of his/her own remuneration and, in the case of a Director who is also a Member, his/her remuneration shall be determined by other Members;

(12) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;

(13) other matters authorized by the Board;

(14) other matters required by the laws, administrative regulations, the Listing Rules, the provisions of the China Securities Regulatory Commission (the "CSRC"), the relevant regulatory rules of the securities regulatory authorities and stock exchange at the place where the Company's shares are listed and the Articles of Association.

If the Board does not adopt or does not fully adopt the recommendations of the Remuneration and Assessment Committee, it shall record the opinion of the Remuneration and Assessment Committee and the specific reasons for its non-adoption in the resolutions of the Board and make relevant disclosure.

Article 10 The remuneration plans or programs proposed by the Remuneration and Assessment Committee shall not prejudice the interests of the shareholders. The Board shall have the power to veto remuneration plans or programs that prejudice the interests of the shareholders.

Article 11 The Remuneration and Assessment Committee shall be accountable to the Board. The remuneration plans for the Directors of the Company proposed by the Remuneration and Assessment Committee shall be approved by the Board and submitted to the shareholders' meeting for consideration and approval before implementation; the remuneration distribution plan for members of the senior management of the Company shall be reported to the Board for approval.

In accordance with the Listing Rules, the above service contracts of the Directors, which require shareholders' approval, include:

(1) a contract with a service duration that may exceed three years; or

(2) a contract that expressly requires the Company to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's emoluments in order to entitle the Company to terminate the contract.

The Remuneration and Assessment Committee shall form a view in respect of the above service contracts of Directors which require shareholders' approval and advise shareholders as to whether the terms of such contracts are fair and reasonable, advise whether such contracts are in the interests of the Company and its shareholders as a whole, and advise shareholders (other than those shareholders who are Directors with a material interest in such service contracts and their associates) on how to vote.

Article 12 The rights and obligations of the Members are as follows:

(1) to attend the meetings of the Remuneration and Assessment Committee as scheduled, express opinions on matters discussed at the meetings, and exercise voting rights;

(2) to propose topics for discussion at the meetings of the Remuneration and Assessment Committee;

(3) to attend or sit in the relevant meetings of the Company as audiences and conduct investigative studies and obtain the required relevant information, such as reports, documents and materials, for the purpose of performing their duties;

(4) to fully understand the duties and responsibilities of the Remuneration and Assessment Committee and their own duties as Members, and familiarize themselves with the operation and management conditions, business activities and development status of the Company relating to their duties, to ensure their capabilities in performing their duties;

(5) to commit to dedicate sufficient working time and efforts required to perform his/her duties;

(6) to perform other duties as required or conferred by the laws, administrative regulations, the Listing Rules, the provisions of the CSRC, the securities regulatory rules at the place where the Company's shares are listed, the Rules and the Board.

Chapter 4 Work Procedures

Article 13 Before making decisions, the Remuneration and Assessment Committee shall obtain relevant information of the Company:

(1) information on the Company's fulfillment of its main financial indicators and business objectives;

(2) information on the scope of responsibilities and the main duties of members of the senior management of the Company;

(3) information on the fulfillment of indicators involved in the work performance evaluation system of the Directors and members of the senior management;

(4) information on the business performance of business innovation and profit-making ability of the Directors and members of the senior management;

(5) the basis of measurement and calculation in relation to formulating the Company's remuneration distribution plan and method of distribution with reference to the performance results of the Company.

Article 14 The Remuneration and Assessment Committee shall conduct the following appraisal procedures for the Directors and members of the senior management:

(1) the Directors and members of the senior management of the Company shall report their work and self-evaluation to the Remuneration and Assessment Committee;

(2) the Remuneration and Assessment Committee shall carry out performance evaluation of the Directors and members of the senior management according to the performance evaluation standards and procedures;

(3) a proposal on the amount of remuneration and method of reward for the Directors and members of the senior management shall be made based on the results of work performance evaluation and remuneration distribution policy, and reported to the Board after being passed by voting.

Chapter 5 Rules of Procedure

Article 15 The meetings of the Remuneration and Assessment Committee can be classified into regular meetings and ad hoc meetings. Regular meetings shall be convened at least once a year, and ad hoc meetings shall be convened from time to time as required. In the event of any of the following circumstances, an ad hoc meeting shall be convened:

(1) when the Board considers it necessary;

(2) when the chairman of the Remuneration and Assessment Committee considers it necessary;

(3) when it is proposed by two or more Members.

Article 16 The notice of the meeting and meeting materials shall be notified to all Members three days prior to the date of the meeting. The notice of the meeting shall contain information on the form, time, venue, duration and agenda of the meeting, time of issuance of the notice and other relevant information, and the notification shall be made by hand delivery, post, e-mail or facsimile, etc. In case of emergency, if it is necessary to convene a meeting as soon as possible, notice of the meeting may be given by telephone or other verbal means at any time, but the chairman of the Remuneration and Assessment Committee shall give an explanation at the meeting.

Article 17 Upon receipt of the notice of the meeting, each Member shall provide confirmation and any relevant replies via proper means (including but not limited to confirmation of attendance or absence and his/her schedule) in a timely manner.

Article 18 Members shall attend the meeting in person. If a Member is unable to attend the meeting in person for any reason, he/she may appoint another Member in writing to attend the meeting on his/her behalf. If a Member fails to attend the meeting of the Remuneration and Assessment Committee in person or by proxy, he/she shall be deemed as having abstained from voting at such meeting.

Article 19 The Remuneration and Assessment Committee meeting shall be presided over by the chairman of the Remuneration and Assessment Committee. If the chairman of the Remuneration and Assessment Committee is unable to preside over the meeting or fails to perform his/her duties, the meeting shall be presided over by another Member who is an independent non-executive Director delegated by him/her; or a Member shall be elected by more than half of the attending Members to preside over the meeting.

Article 20 The quorum of the Remuneration and Assessment Committee meeting shall be two-thirds or above of the Members. Each Member is entitled to one vote. Resolutions passed at such meeting should be approved by more than half of all Members.

Article 21 Voting on the Remuneration and Assessment Committee meetings may be conducted by open ballot. Voting may also be conducted by means of correspondence and resolutions may be made with Members present affixing their signatures thereon, provided that the attending Members can fully express their opinions.

Article 22 The Remuneration and Assessment Committee meeting may be convened by on-site meeting, telephone conference, video conference, circulation of documents, facsimile, mail or any other appropriate means.

Article 23 The Remuneration and Assessment Committee may invite the Directors, members of the senior management and external consultants of the Company to the meeting when necessary. Those present at the meeting may explain or clarify the matters discussed at the meeting, and non-Members have no right to vote.

Article 24 If necessary, the Remuneration and Assessment Committee may engage an intermediary to give professional advice on its decision-making at the Company's expense.

Article 25 When a Member has a direct or indirect interest in a topic under discussion at a meeting, the Member shall recuse himself/herself from voting.

Article 26 The convening procedures for, the voting methods of, and the resolutions passed at the Remuneration and Assessment Committee meetings shall comply with relevant laws, administrative regulations, departmental rules, regulatory documents, the securities regulatory rules at the place where the Company's shares are listed, the Articles of Association and the Rules.

Article 27 The Remuneration and Assessment Committee shall keep minutes of its meetings, and the Members attending the meetings and the minutes taker shall endorse such minutes by signature; and the minutes of the meetings shall be kept by the secretary of the Board for the record for a period of no less than 10 years.

Article 28 The resolutions adopted at the meeting of the Remuneration and Assessment Committee and the voting results thereof shall be submitted to the Board in writing.

Article 29 Members attending the meeting and other attendees shall be obliged to keep confidential any of the matters discussed at the meeting, and shall not disclose any relevant information without authorization.

Chapter 6 Supplementary Provisions

Article 30 Any matters not covered herein shall be handled in accordance with the laws, administrative regulations, departmental rules, regulatory documents, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchange at the place where the Company's shares are listed, and the provisions of the Articles of Association in light of the actual situation of the Company. If the Rules are in conflict with the laws, administrative regulations, departmental rules, regulatory documents, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchange at the place where the Company's shares are listed, and the provisions of the Articles of Association promulgated from time to time, such laws, administrative regulations, departmental rules, regulatory documents, Listing Rules, relevant regulatory rules of the securities regulatory authorities and stock exchange at the place where the Company's shares are listed, and provisions of the Articles of Association shall prevail.

Article 31 The terms "above", "within" or "below", as stated herein shall all include the given figure; and the terms "less than", "beyond", "lower than", "more than", and "exceed" shall all exclude the given figure.

Article 32 The Board shall be responsible for the interpretation of the Rules.