



中泰期货
ZHONGTAI FUTURES

ZHONGTAI FUTURES Company Limited
中泰期貨股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 01461)

**TERMS OF REFERENCE OF REMUNERATION
AND APPRAISAL COMMITTEE OF THE BOARD
(REVISED DRAFT)**

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to establish a comprehensive appraisal and remuneration management system for directors and senior management staff of ZHONGTAI FUTURES Company Limited (中泰期貨股份有限公司) (the “Company”) and improve the corporate governance structure, the board of directors (the “Board”) of the Company established the Remuneration and Appraisal Committee and formulated the Terms of Reference in accordance with the Company Law of the People’s Republic of China, the Futures and Derivatives Law of the People’s Republic of China, the Regulations Governing Futures Trading, the Measures Governing the Supervision of Futures Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and the Corporate Governance Code set out in Appendix C1 of the Hong Kong Listing Rules, the Articles of Association of ZHONGTAI FUTURES Company Limited (the “Articles of Association”) and other relevant regulations.

Article 2 Members of the Remuneration and Appraisal Committee shall be diligent and responsible for the remuneration policies and packages, appraisal standards and implementation for the directors and senior management staff. The Organization Department of the Party Committee/Human Resources Department shall assist the Remuneration and Appraisal Committee in discharging its duties, and the Board office shall be accountable for overall coordination.

CHAPTER 2 COMPOSITION

Article 3 The Remuneration and Appraisal Committee shall consist of three to five directors, and the members shall possess the professional knowledge and work experience commensurate with the duties of the Committee.

Members of the Remuneration and Appraisal Committee (including the chairman of the Committee) shall be nominated by the chairman of the Board or one-third or more of all the directors, and shall be elected by the Board subject to approval of more than half of all the directors. Upon the approval of the resolution for the election of members, the appointment of the newly-elected member shall become effective immediately after such resolution of the Board takes effect. Independent non-executive directors shall account for the majority of the Remuneration and Appraisal Committee, and the chairman of the Committee shall be an independent non-executive director.

Article 4 The term of office of the members of the Remuneration and Appraisal Committee shall be the same as that of the directors. A member of the Committee may serve consecutive terms if re-elected upon the expiry of his/her term of office. A member who, during his/her term of office, no longer serves as a director or, if in the capacity of independent non-executive director, ceases to have the independence required by laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and the Articles of Association, shall ipso facto cease to be a member of the Committee from the time he/she ceases to be a director, and the Board shall fill up the vacancy in accordance with the requirements set out in Article 3 above.

Article 5 Members of the Remuneration and Appraisal Committee may be adjusted during their terms of office according to the recommendation of the chairman of the Board and upon the consideration and approval of the Board.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 6 The Remuneration and Appraisal Committee is responsible for formulating the appraisal standards for directors and senior management staff and conducting appraisals; formulating and reviewing the remuneration policies and packages for directors and senior management staff, including the remuneration determination mechanism, decision-making processes, and payment and clawback arrangements; ensuring that the procedures for formulating the remuneration system are in compliance with regulations; supervising the implementation of the Company's remuneration system; reviewing the remuneration of the management in accordance with the overall policies and objectives set by the Board; and making recommendations to the Board on the following matters:

- (1) remuneration of directors and senior management staff (including non-monetary income, pensions and compensation, etc.);
- (2) formulating or changing any equity incentive plan or employee stock ownership plan, and the vesting of interests to incentive participants and the fulfillment of conditions for exercising such interests;
- (3) any arrangement for directors and senior management staff to hold shares in a subsidiary to be spun off;
- (4) other matters required by laws, administrative regulations, the CSRC, the Hong Kong Listing Rules and the Articles of Association.

Should the Board fail to adopt or fully adopt the recommendations from the Remuneration and Appraisal Committee, the opinions of the Remuneration and Appraisal Committee and the specific reasons for non-adoption shall be recorded in the resolutions of the Board and disclosed.

The Remuneration and Appraisal Committee shall make reference to the remuneration levels of peer companies, the time commitment and responsibilities of the relevant personnel, and other positions held by them within the Company; review and approve compensation payable to directors and senior management staff for any loss or termination of office or appointment to ensure that such compensation is consistent with contractual terms (if not consistent with contractual terms, the compensation shall be fair and reasonable); and to ensure that no director or any of his/her related party is involved in deciding his/her own remuneration.

Article 7 The Remuneration and Appraisal Committee shall perform its duties in accordance with the Articles of Association and the authorization of the Board. Save as otherwise provided, proposals of the Remuneration and Appraisal Committee shall be submitted to the Board for consideration and decision.

The remuneration and appraisal plans or schemes for directors proposed by the Remuneration and Appraisal Committee shall, upon approval by the Board, be submitted to the general meeting for consideration.

Article 8 The chairman of the Remuneration and Appraisal Committee shall primarily exercise the following duties:

- (1) to convene and chair the meetings of the Remuneration and Appraisal Committee;
- (2) to supervise and examine the operations of the Remuneration and Appraisal Committee;
- (3) to sign relevant documents of the Remuneration and Appraisal Committee;
- (4) to report the operations of the Remuneration and Appraisal Committee to the Board;
- (5) other duties as requested by the Board.

Article 9 The management and relevant departments of the Company shall cooperate with the Remuneration and Appraisal Committee in duty performance, and shall, at its request, provide sufficient written materials of the Company to the Remuneration and Appraisal Committee on a timely basis, including:

- (1) key financial indicators and the performance of business targets of the Company;
- (2) duty performance of the senior management staff;
- (3) relevant calculation basis for determining the remuneration management measures of the directors and senior management staff;
- (4) other relevant materials.

Article 10 The Remuneration and Appraisal Committee shall propose the remuneration packages of directors and senior management staff for the previous year based on the remuneration management measures of directors and senior management staff of the Company, and shall submit to the Board and the general meeting of the Company for consideration.

Article 11 The Remuneration and Appraisal Committee shall submit an annual performance report to the Board, which shall primarily include the fulfillment of its duties by the Committee and the convening of meetings.

CHAPTER 4 CONVENING AND NOTICE OF MEETINGS

Article 12 In any of the following circumstances, a meeting of the Remuneration and Appraisal Committee may be convened:

- (1) whenever the chairman of the Remuneration and Appraisal Committee deems necessary;
- (2) whenever proposed by two or more members of the Remuneration and Appraisal Committee;
- (3) whenever the Board so resolves.

Article 13 Meetings of the Remuneration and Appraisal Committee shall be held at least once a year, and shall be convened and chaired by the chairman of the Committee. If the chairman is unable or fails to perform his/her duties, the meeting shall be convened and chaired by a member elected by more than half of the members of the Committee. The notice of a meeting shall be despatched to all the members of the Committee two days prior to the date of the meeting. In special circumstances, the notice period may be less than two days provided that consent has been obtained from two-thirds or more of the members of the Committee.

Article 14 The notice of meeting of the Remuneration and Appraisal Committee shall be signed by the chairman of the Committee and issued through, among other things, email. Notice of the meeting shall contain the followings:

- (1) the date and venue of the meeting;
- (2) the duration of the meeting;
- (3) the subject, issue and other related information;
- (4) the date on which the notice is served.

The office of the Board shall be responsible for the notice of meeting and affairs of the Remuneration and Appraisal Committee and the notice of meeting may be dispatched by means of fax, email, delivery in person, post or telephone, etc.

Article 15 The Remuneration and Appraisal Committee shall provide each member with sufficient information, and shall endeavor to serve the relevant documents and materials of the meeting to all members as concurrently as the notice of the meeting. They shall be served to all members before the meeting should they cannot be served at the same time as the notice of the meeting. The members shall carefully read the relevant documents received from the Committee and get ready to comment thereon.

Article 16 Upon the receipt of the notice of meeting, members of the Remuneration and Appraisal Committee shall give acknowledgement and reply by providing relevant information (including but not limited to the availability for the meeting and schedule) in a timely and appropriate manner.

CHAPTER 5 TERMS OF REFERENCE

Article 17 The quorum of the meetings of the Remuneration and Appraisal Committee shall be two-thirds or more of the members.

Article 18 Members of the Remuneration and Appraisal Committee shall attend meetings in person (including attending on-site meetings in person or by means of communications). A member who is unable to attend a meeting in person may, by a duly signed power of attorney, appoint another member of the Remuneration and Appraisal Committee to attend and exercise relevant powers at the meeting on his/her behalf. The power of attorney shall specify, among others, the names of the principal and the proxy, the scope of authorisation, the restriction of authorisation and the validity period of authorisation, with the signatures or seals of the principal. The member attending the meeting as a proxy shall only exercise the rights within the scope of authorisation. A member may accept the appointment to attend on behalf of up to one member. Any member serving as an independent non-executive director may only appoint another member of independent non-executive director to attend on his/her behalf.

Article 19 Other directors and senior management staff of the Company may be invited by the Remuneration and Appraisal Committee to attend its meeting as non-voting attendees.

Non-voting attendees shall not intervene with the proceedings of the Remuneration and Appraisal Committee, nor shall they interfere with the discussion, voting and resolution of the meeting.

Article 20 During a meeting of the Remuneration and Appraisal Committee, the chairman of the meeting shall first announce the issues of the meeting, and then preside over the meeting in accordance with the meeting agenda. The chairman of the meeting is entitled to determine the proceeding time of each of the issues, whether to stop the discussion, whether to jump to the next issue, etc. The chairman of the meeting shall earnestly preside over the meeting, adequately listen to the opinions of attending members and enhance the efficiency of proceedings and rationality of decision-making.

Article 21 Any issue not stated in the notice of the meeting of the Remuneration and Appraisal Committee shall not be discussed. Under special circumstances, any new issue required to be added at the meeting for consideration and approval shall be agreed by two-thirds or more of the members attending the meeting.

Article 22 A member attending the meeting shall discuss issues within the terms of reference, and shall not discuss with other non-voting attendees, unless the chairman of the meeting decides to listen to the opinions and recommendations of non-voting attendees.

Article 23 The chairman of the meeting shall control the progress of the meeting in accordance with the proceedings of the attending members, and shall not change the meeting progress or the issues of the meeting due to other people present at the meeting.

Article 24 Should there be confrontation of opinions leading to failure of voting or equivalency between the affirmative votes and dissenting votes, the chairman of the meeting shall not forcefully announce the resolution, but shall instead continue the proceedings or adjourn the meeting temporarily depending on the conditions of the meeting.

Article 25 Resolutions of the Remuneration and Appraisal Committee shall be passed by more than half of the members of the Remuneration and Appraisal Committee.

Voting on resolutions of the Remuneration and Appraisal Committee shall be conducted on a one member one vote basis.

A member of the Remuneration and Appraisal Committee shall be abstained from voting if he/she has an interest in the matters under discussion at the meeting. Where the Committee is unable to form an effective opinion due to the member's abstain, the relevant matters shall be considered directly by the Board.

Article 26 In principle, a meeting of the Remuneration and Appraisal Committee shall be held in the form of on-site meeting, where voting shall be made by a show of hands or by poll in the order of for, against and abstain. The chairman of the meeting shall count the votes and announce the results of each resolution forthwith, which shall be recorded by the recorder of the meeting.

Upon approval of the chairman of the Remuneration and Appraisal Committee, a meeting may be held by way of communications, while members of the Remuneration and Appraisal Committee shall submit documents of the meeting such as completed votes and signed audit opinions to the office of the Board within the deadline specified in the notice of meeting.

If a meeting of the Remuneration and Appraisal Committee is held by electronic communications including teleconference and videoconference, it shall be ensured that the members attending the meeting can clearly hear the speeches delivered by other members and can communicate with one another. The verbal voting instructions made by a member shall be consistent with those in the written record signed after the conclusion of the meeting. In case of any inconsistency between the written record signed and the verbal voting instructions, the written record signed shall prevail. Members participating in a meeting held by electronic communications including teleconference or videoconference shall be deemed as attending such meeting of the Remuneration and Appraisal Committee in person.

Article 27 All members present at the meeting and the non-voting attendees are obligated to keep confidential the matters considered at the meeting, and shall not divulge or disclose relevant information without authorisation.

Article 28 The Remuneration and Appraisal Committee shall, within five days from conclusion of the meeting, submit the resolution(s) approved at the meeting and the poll results to the Board of the Company either in written form or by other electronic means.

Article 29 Any member of the Remuneration and Appraisal Committee failing to attend meetings of the Remuneration and Appraisal Committee in person for two consecutive times and without appointing another member to attend on his/her behalf shall be deemed as incapable of performing the duties of a member of the Committee, and shall be subject to replacement by the Board.

Article 30 The Remuneration and Appraisal Committee may engage external professionals to provide services, and the reasonable expenses incurred thereby shall be borne by the Company.

CHAPTER 6 MEETING MINUTES

Article 31 Meeting minutes shall be prepared for the meetings of the Remuneration and Appraisal Committee in accordance with regulations. The meeting minutes shall be complete, truthful and accurate, fully and thoroughly reflecting the opinions expressed by the attendees on the matters under consideration.

Members and the recorder and other relevant personnel present at the meeting shall sign on such minutes for confirmation.

Members attending the meeting shall have the right to request to record in the meeting minutes details of the statements made by them at the meeting.

Article 32 Meeting minutes of the Remuneration and Appraisal Committee shall be kept by the Board office or other designated body as corporate files for at least 10 years.

Article 33 The meeting minutes of the Remuneration and Appraisal Committee shall contain the following information:

- (1) the date and venue of the meeting and the name of the convener;
- (2) the names of the members attending the meeting in person and the names of the members appointed (proxies) to attend the meeting;
- (3) agenda of the meeting;
- (4) summary of members' speech;
- (5) the voting results of each proposed resolution.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

Article 34 Unless otherwise specified, the terms used herein shall have the same meanings ascribed thereto under the Articles of Association.

Article 35 The senior management staff mentioned in the Terms of Reference refer to the general manager, deputy general manager, officer-in-charge of financial affairs, chief risk management officer, secretary to the Board and other senior management staff as determined by the Articles of Association.

Article 36 The terms “or more” and “at least” mentioned in the Terms of Reference shall include the underlying number, while the term “more than half” shall not include the underlying number.

Article 37 The Terms of Reference shall become effective upon the consideration and approval of the Board of the Company.

Article 38 Any matters not covered by the Terms of Reference shall be subject to relevant state laws, regulations, rules of securities regulatory authorities and The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and the requirements of the Articles of Association. In case of any discrepancy between the Terms of Reference and the laws and regulations to be promulgated by the government of China in the future, the rules of securities regulatory authorities and the Hong Kong Stock Exchange, or the Articles of Association as amended according to lawful procedures, the relevant state laws and regulations, rules of securities regulatory authorities and the Hong Kong Stock Exchange and the requirements of the Articles of Association shall prevail, and the Terms of Reference shall be amended immediately for consideration and approval of the Board.

Article 39 The Terms of Reference are prepared in Chinese. In case of any discrepancy between the Chinese text and English text of the Terms of Reference, the Chinese text shall prevail.

Article 40 The power of interpretation of the Terms of Reference shall be vested in the Board of the Company.