# PATEO CONNECT Technology (Shanghai) Corporation

## Terms of Reference and Rules of Procedure of the Remuneration Committee

### 1. Members

1.1 The remuneration committee (the "**Remuneration Committee**") shall be appointed by the board of directors (the "**Board**") of the Company, and a majority of members of the Remuneration Committee shall be independent non-executive directors.

1.2 The chairman of the Remuneration Committee shall be appointed by the Board, and he/she must be an independent non-executive Director.

1.3 The Remuneration Committee shall have a term of office consistent with the term of the Board, and members may be re-elected upon expiration of their terms of office. Where a member ceases to serve as a director of the Company during the term, he/she will automatically cease to be qualified as a member of the committee, and the casual vacancy shall be filled by the person elected by the committee in accordance with these Rules.

### 2. Secretary

2.1 The company secretary (the "**Company Secretary**") of the Company shall act as the secretary to the Remuneration Committee.

2.2 The Remuneration Committee may, from time to time, appoint any other person with appropriate qualification and experience to act as the secretary to the Remuneration Committee.

### 3. Meeting

3.1 The Remuneration Committee shall convene meetings at least once a year.

3.2 Due notice should be given for any meeting, unless such notification is waived by all members of the Remuneration Committee. Notwithstanding the notification period, the attendance of members of the Remuneration Committee at the meeting would be deemed as the waiver of the required notification period.

3.3 The quorum necessary for convening the meeting of the Remuneration Committee shall be two members of the Remuneration Committee, one of whom must be an independent non-executive director.

3.4 Meetings can be attended in person, by telephone or video conference. The members of the Remuneration Committee can attend the meeting via telephone or similar communication device (all persons attending such meeting shall be able to hear from such member via such communication device).

3.5 Voting on resolutions of the Remuneration Committee shall be conducted on a one-member-one-vote basis. Resolutions of the Remuneration Committee shall be passed by more than half of its members.

3.6 The resolution signed in writing by all members of the Remuneration Committee is valid, and the validity is the same as if it is passed in the meeting duly convened and held by the Remuneration Committee.

3.7 Resolutions of the Remuneration Committee shall be recorded in the minutes as required, and the minutes shall be signed by the members of the Remuneration Committee present at the meeting. Full minutes of the Remuneration Committee shall be kept by the Company Secretary or the duly appointed secretary of the meeting and be available for review by the directors.

## 4. Meeting Attendance

4.1 Upon the invitation from the Remuneration Committee, the chairman of the Board and/or the managing director or the chief executive officer, the chief financial officer, external advisor and other persons can be invited to attend all or part of any meeting.

4.2 Only the members of the Remuneration Committee can vote in the meeting.

## 5. Annual General Meeting

5.1 The chairman of the Remuneration Committee or (if absent) the other member of the Remuneration Committee (must be an independent non-executive director) shall attend the annual general meeting of the Company, and respond the shareholders' enquiry on the activities and responsibilities related to the Remuneration Committee.

## 6. Duties and Powers

The Remuneration Committee shall have the following duties and powers:

6.1 to make recommendations to the Board on the Company's remuneration policy and structure for all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

6.2 to review and approve the management's remuneration with reference to the Board's corporate goals and objectives;

6.3 to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment;

6.4 to make recommendations to the Board on the remuneration of non-executive directors;

6.5 to supervise the implementation of the remuneration system of the Company. Generally, equity-based remuneration (e.g. share options or share grants etc.) with performance-related elements shall not be granted to independent non-executive directors;

6.6 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

6.7 to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair, reasonable and not excessive;

6.8 to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

6.9 to ensure that no directors or any of their associates is involved in deciding their own remuneration;

6.10 to study on the Company's equity incentive program and put forward suggestions;

6.11 to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules;

6.12 to ensure that the share options or awards (if any) offered by the Company to its directors or senior management are in compliance with the requirements under Chapter 17 of the Hong Kong Listing Rules (as amended and supplemented from time to time), as applicable, including without limitation:

(a) where share options or awards are granted to directors and/or senior management with a vesting period of less than 12 months, forming views on why a shorter vesting period is appropriate and how such grants align with the purpose of the relevant share incentive scheme;

(b) where share options or awards are granted to directors and/or senior management without performance targets and/or clawback mechanism, forming views as to why performance targets and/or a clawback mechanism is/are not necessary and how such grants align with the purpose of the relevant share incentive scheme.

6.13 other requirements in relation to the scope of work for the committee under the listing rules, as amended from time to time, of the stock exchange where the shares of the Company are listed;

6.14 to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Hong Kong Listing Rules.

## 7. Reporting

7.1 The Remuneration Committee shall report to the Board after each of its meetings.

## 8. Authority

8.1 The Remuneration Committee shall consult the chairman of the Board and/or the chief executive officer about the remuneration proposals for other executive directors.

8.2 The Remuneration Committee is authorized by the Board to seek any necessary information related to remuneration from the senior management of the Company to perform its duties.

8.3 The Remuneration Committee should have access to independent professional advice if necessary, at the Company's expense, to perform the responsibilities of the Remuneration Committee.

*Note:* The independent professional advice can be sought via the chief financial officer or the Company Secretary.

8.4 The Remuneration Committee shall be provided with sufficient resources to perform its duties.

*Note:* "Senior management" refers to the same persons referred to in the Company's annual report. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include the directors of subsidiaries of the Company, heads of other divisions, departments or operating units within the group as appropriate in the opinion of the Company's directors.

8.5 In accordance with the provisions of Rule 13.68 of the Hong Kong Listing Rules, the Remuneration Committee shall form a view in respect of service contracts that require shareholders' approval, advise shareholders as to whether the terms 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 the connected shareholders and shareholders with a material interest in the service contracts and their associates) on how to vote.

## 9. Supplementary Provisions

9.1 Any matter not specified in these Terms of Reference and Rules of Procedure shall be implemented in accordance with relevant national laws, regulations and regulatory documents, the Hong Kong Listing Rules and the Articles of Association. In case these Rules of Procedure are in conflict with the laws, regulations and regulatory documents, the Hong Kong Listing Rules, other requirements of the Hong Kong securities regulatory authority or the Articles of Association, such relevant laws, regulations and regulatory documents, the Hong Kong Listing Rules, other requirements of the Hong Kong securities regulatory authority or the Articles of Association shall prevail.

9.2 These Terms of Reference and Rules of Procedure shall be formulated and interpreted by the Board of the Company.

9.3 These Rules of Procedure shall take effect upon consideration and approval by the Board.