

潮州三環（集團）股份有限公司
CHAOZHOU THREE-CIRCLE (GROUP) CO., LTD.

**Terms of Reference for
the Remuneration and Appraisal
Committee of the Board
(Draft)**
(Applicable upon Issuance and Listing of H Shares)

June 2026

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CHAOZHOU THREE-CIRCLE (GROUP) CO., LTD.

Terms of Reference for the Remuneration and Appraisal Committee of the Board

Chapter 1 General Provisions

Article 1

In order to further establish a robust system of remuneration and assessment management for the directors and senior management of Chaozhou Three-Circle (Group) Co., Ltd. (the “**Company**”), and to enhance the corporate governance structure, the Company has established the remuneration and appraisal committee under the board of directors (the “**Remuneration and Appraisal Committee**”) and formulated these terms of reference in accordance with the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 2-Standardized Operation of Listed Companies on the ChiNext Market, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and its Appendix C1 (the Corporate Governance Code), the Articles of Association of Chaozhou Three-Circle (Group) Co., Ltd. (the “**Articles of Association**”), regulatory requirements of the place where the Company’s shares are listed and other relevant requirements.

Article 2

The Remuneration and Appraisal Committee is a specialised working body established by the board of directors in accordance with the Articles of Association, which is accountable to the board of directors.

Article 3

For the purposes of these terms of reference, “directors” refer to the chairman and directors of the Company who receive remuneration from the Company, while “senior management” refers to the general manager, deputy general managers, secretary to the board of directors, chief financial officer and other senior management personnel as recognised by the board of directors.

Chapter 2 Composition of the Committee

- Article 4** The Remuneration and Appraisal Committee shall comprise three directors, two of whom shall be independent directors.
- Article 5** Members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the board of directors, not less than one-half of independent directors, or not less than one-third of all directors, and shall be elected by the board of directors.
- Article 6** The Remuneration and Appraisal Committee shall have one chairman, who is an independent director, responsible for convening meetings of the Committee and presiding over the work of the Committee; the chairman shall be elected from among the members of the Committee and shall be subject to the approval of the board of directors.
- Article 7** The Remuneration and Appraisal Committee shall have the same term of office as that of the board of directors. After the term expires, members of the Committee can be re-elected. If any member ceases to be a director of the Company or any member who should be an independent director no longer possesses the independence required by the Articles of Association during the term of office, he/she automatically loses his/her membership of the Committee and the Committee shall fill the vacancy in accordance with the provisions of Articles 4 to 6 above.

Chapter 3 Responsibilities and Authorities

- Article 8** Major responsibilities and authorities of the Remuneration and Appraisal Committee shall include:
- (I) responsible for formulating the assessment standards for and conducting assessment of directors and senior management, formulating and reviewing the remuneration determination mechanism, the decision-making process, the payment and cessation of payment recovery arrangements, and other remuneration policies and plans for directors and senior management, and making recommendations to the board of directors on the Company's policy and structure for all directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- (II) to make recommendations to the board of directors on the remuneration packages of individual executive director and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (III) to review and approve the management's remuneration proposals with reference to the board of directors' corporate goals and objectives;
- (IV) to make recommendations to the board of directors on the remuneration of non-executive directors;
- (V) to consider salaries paid by comparable companies, time commitment and responsibilities of directors and senior management and employment conditions elsewhere in the Group;
- (VI) to review and approve compensation paid 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 and reasonable and would not cause any excessive burden to the Company;
- (VII) 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;
- (VIII) to ensure that no director or any of his/her associates (as defined under the Hong Kong Listing Rules) is involved in deciding his/her own remuneration;
- (IX) be responsible for supervising the implementation of the Company's remuneration system; to review the performance of duties of directors and senior management of the Company and to conduct performance evaluations;

- (X) to make recommendations to the board of directors on the formulation or amendment of equity incentive plans, employee stock ownership plans, and the granting of rights to incentive recipients and the achievement of conditions for the exercise of such rights by incentive recipients; to review and/or approve matters relating to share schemes as described in Chapter 17 of the Hong Kong Listing Rules;
- (XI) to make recommendations to the board of directors on the arrangement of stock ownership plans for directors and senior management in the event of a proposed spin-off of a subsidiary;
- (XII) other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed, the Articles of Association and other matters as authorised by the board of directors.

The board of directors shall record and disclose in its resolutions the opinion of the Remuneration and Appraisal Committee and the specific reasons for not adopting or fully adopting the recommendations of the Remuneration and Appraisal Committee.

Article 9

The Remuneration and Appraisal Committee has the right to vote down remuneration policies or plans or proposals that would jeopardise the interest of the shareholders.

Article 10

The remuneration policies and plans for the directors of the Company proposed by the Remuneration and Appraisal Committee shall be implemented after being put to the board of directors for approval and submitted to the shareholders' meeting for consideration. The remuneration allocation plan for the senior management of the Company shall be submitted to the board of directors for approval.

Article 11

The Remuneration and Appraisal Committee's procedures of examination and assessment for directors and senior management are:

- (I) the Company's directors and senior management shall make self-introduction and self-evaluation to the Remuneration and Appraisal Committee;

- (II) the Remuneration and Appraisal Committee shall conduct performance appraisal on the directors and senior management pursuant to the standard and procedures in respect of performance appraisal; and
- (III) the amount of remuneration and the method of award for the directors and senior management shall be suggested based on the outcome of the positions and the performance appraisal and remuneration allocation policy. Upon voting, such suggestions shall be reported to the board of directors.

Chapter 4 Rules of Procedures

- Article 12** Meetings of the Remuneration and Appraisal Committee shall include regular meetings and extraordinary meetings. Regular meetings shall be held at least once a year, and extraordinary meetings may be convened upon the proposal of the chairman or not less than one-half of members.
- Article 13** The Remuneration and Appraisal Committee meeting(s) shall be convened and presided over by the chairman. If the chairman is unable or fails to perform his/her duties, the independent director jointly elected by not less than one-half of the members shall convene and preside over such meetings.
- Article 14** To hold a Remuneration and Appraisal Committee meeting, the notice of the time and venue of the meeting and the matters to be considered thereat shall be sent to all members three days before the meeting is held.
- Article 15** A Remuneration and Appraisal Committee meeting may only be held if not less than two-thirds of the members are present. Each member has one vote. Resolutions made at the meeting shall be approved by more than half of all members.
- Article 16** Votes at the Remuneration and Appraisal Committee meetings shall be made by a show of hands or by poll. The Remuneration and Appraisal Committee meetings may be convened by way of on-site or correspondence voting or a combination of both methods.
- Article 17** Directors, senior management and other staff members of the Company who are not affiliated with the Remuneration and Appraisal Committee may be invited to attend the Remuneration and Appraisal Committee meeting, as and when necessary.

- Article 18** The Remuneration and Appraisal Committee may engage an intermediary institution to provide professional advice to support its decision-making, at the Company's expense, if necessary.
- Article 19** Where an agenda item relating to a member is to be discussed at the Remuneration and Appraisal Committee meeting, such related member shall abstain from attending the meeting in respect thereof. When a valid opinion cannot be formed by deliberation due to members of the Remuneration and Appraisal Committee in absence, the relevant matter shall be considered by the board of directors directly.
- Article 20** The procedures for convening a meeting, method of voting and passing of resolutions at the Remuneration and Appraisal Committee meeting shall conform with the relevant laws, regulations, securities regulatory rules of the place where the Company's Shares are listed, the Articles of Association and these terms of reference.
- Article 21** The meeting minutes of the Remuneration and Appraisal Committee shall be kept and recorded therein the views and opinions expressed by the independent directors. Members present at a meeting shall sign the minutes.
- Article 22** Resolutions passed and voting results at the meetings of the Remuneration and Appraisal Committee shall be reported to the board of directors in writing.
- Article 23** Members and relevant persons present at the meeting shall be obliged to keep confidential all matters discussed, and shall not disclose any relevant information to any person without authorisation unless it is considered and approved by the shareholders' meeting or the board of directors and disclosed to the public, except for statutory reasons or by mandatory order of a competent authority.

Chapter 5 Supplementary Provisions

Article 24

Unless otherwise specified, terms used in these terms of reference have the same meanings as those used in the Articles of Association. Unless otherwise expressly specified in relevant laws, administrative regulations and regulatory requirements of the place where the Company's shares are listed, the meaning of "independent directors" used in these terms of reference has the same meaning as "independent non-executive directors" under the Hong Kong Listing Rules.

Article 25

From the date upon these terms of reference are considered and approved by the board of directors, these terms of reference shall come into effect upon listing of H shares of the Company in the initial public offering on The Stock Exchange of Hong Kong Limited. Upon these terms of reference become effective, the original terms of reference for the Remuneration and Appraisal Committee of the board of directors of Chaozhou Three-Circle (Group) Co., Ltd. shall vest automatically.

Article 26

The term "not less than" and "at least" as used in these terms of reference shall include the number itself.

Article 27

For matters not covered in these terms of reference, implementation of which shall be subject to the provisions of the PRC's applicable laws, regulations, normative documents, regulatory requirements of the place where the Company's shares are listed and the Articles of Association. In the event that these terms of reference contradict to the provisions of the applicable laws, regulations, normative documents, regulatory requirements of the place where the Company's shares are listed and the Articles of Association, the relevant provisions of the applicable laws, regulations, normative documents, regulatory requirements of the place where the Company's shares are listed and the Articles of Association shall prevail. In case of any conflict between these terms of reference and any future laws, regulations and normative documents of the PRC, regulatory requirements of the place where the Company's shares are listed or the Articles of Association as amended by legal procedures, the relevant PRC's laws, regulations, normative documents, regulatory requirements of the place where the Company's shares are listed and the Articles of Association shall prevail, and these terms of reference shall be amended immediately and submitted to the board of directors for approval.

Article 28

The right of interpretation regarding these terms of reference shall belong to the board of directors.

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