Transsion

TERMS OF REFERENCE FOR THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD OF DIRECTORS

(Applicable upon the Issuance and Listing of H Shares)

Chapter I General Provisions

Article 1 In order to further establish a sound evaluation and remuneration management system for directors (non-independent directors) and senior management of the Company (hereinafter referred to as "management members") and improve the corporate governance structure, the Company hereby establishes the Remuneration and Appraisal Committee of the board of directors and formulates these terms of reference in accordance with the Company Law of the People's Republic of China, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》), the Guideline No. 1 for the Self-regulatory Rules for Companies Listed on the STAR Market of the Shanghai Stock Exchange — Standardized Operation (《上海證券交易所科創板上市公司自律監管指引第1號－規範運作》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of Shenzhen Transsion Holdings Co., Ltd. (hereinafter referred to as the "Articles of Association"), and other relevant provisions.

Article 2 The Remuneration and Appraisal Committee is a specialized working body established by the board of directors pursuant to resolutions of the general meeting. It is primarily responsible for the formulation of appraisal standards and performance appraisal for directors and management members of the Company; and responsible for formulating and examining remuneration policies and schemes for directors and management members of the Company. It shall be accountable to the board of directors.

Article 3 The directors as referred to herein shall mean the chairman of the board of directors and directors to whom the Company pays remuneration, and management members shall mean the general manager, deputy general manager and secretary to the board of directors appointed by the board of directors and other senior management determined by the board of directors upon the nomination of the general manager.

Chapter II Composition

Article 4 The Remuneration and Appraisal Committee shall consist of three directors, with independent directors forming the majority, which shall be at least two (for the purpose of these terms of reference, the term "independent director(s)" shall have the same meaning as "independent non-executive director(s)" under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the same applies hereinafter).

Article 5 Members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the board of directors, one-half or more of the independent directors or one-third of all directors, and shall be elected by the board of directors.

Article 6 The Remuneration and Appraisal Committee shall have one chairperson (convener), who shall be an independent director member and responsible for presiding over the work of the committee. The chairperson of the committee shall be elected from among the members and subject to the approval of the board of directors.

Article 7 The term of office of the Remuneration and Appraisal Committee shall be consistent with that of the board of directors. A member may serve consecutive terms if re-elected upon the expiration of his/her term of office. If, during his/her term of office, a member ceases to be a director of the Company, or a member who is required to be an independent director no longer possesses the independence required by the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, such member shall automatically lose his/her qualification as a member, and the committee shall fill the vacancy in accordance with the provisions of Articles 4 to 6 above.

Article 8 The Remuneration and Appraisal Committee shall have a working group specifically responsible for providing the Company with relevant information on operation and information regarding the persons under appraisal, as well as preparing for meetings and implementing relevant resolutions of the Remuneration and Appraisal Committee.

Chapter III Duties and Authorities

Article 9 The primary duties and authorities of the Remuneration and Appraisal Committee include:

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

(II) to review and approve the management's remuneration proposals with reference to the board of directors' corporate goals and objectives;

(III) either of the following:

(i) to determine remuneration packages for individual executive directors and senior management in accordance with the delegated responsibilities of the board of directors; or

(ii) to make recommendations to the board of directors on the remuneration packages of individual executive directors and senior management.

Such remuneration packages shall include non-monetary benefits, pension rights and amounts of compensation (including compensation for loss or termination of office or appointment);

(IV) to make recommendations to the board of directors on the remuneration of non-executive directors;

(V) to consider the salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company;

(VI) to review and approve the compensation payable to executive directors and senior management for their loss or termination of their office or appointments to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(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 in Rules 14A.12 and 14A.13 of the Listing Rules of the Hong Kong Stock Exchange) is involved in determining his/her own remuneration;

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

(X) other matters authorized by the board of directors and those covered by laws and regulations, the Listing Rules of the Hong Kong Stock Exchange and the securities regulatory rules of the place where the Company's shares are listed.

Article 10 The Remuneration and Appraisal Committee shall be responsible for formulating appraisal standards and conducting performance appraisal for directors and senior management, formulating and examining remuneration policies and schemes for directors and senior management and making recommendations to the board of directors on the following matters:

(I) remuneration of directors and senior management;

(II) formulation or change of share option incentive plan (including matters relating to share schemes as referred to in Chapter 17 of the Listing Rules of the Hong Kong Stock Exchange), or employee stock ownership plan; achievement of grant of share options to and exercise of share options by participants of share option incentive scheme;

(III) arrangement of shareholding plan for the subsidiary proposed to be split by the directors and senior management;

(IV) other matters stipulated by laws, regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Article 11 The board of directors shall have the right to reject remuneration plans or schemes that are detrimental to the interests of shareholders. Where the board of directors does not adopt, or does not fully adopt, the recommendations of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for not adopting in the board resolution and make a disclosure.

Article 12 The remuneration plans for directors of the Company proposed by the Remuneration and Appraisal Committee are subject to consent by the board of directors and consideration and approval of the shareholders' meeting; the remuneration allocation plans for management members of the Company are subject to approval by the board of directors.

Chapter IV Decision-making Procedures

Article 13 The working group under the Remuneration and Appraisal Committee shall be responsible for undertaking the preparatory work for the decision-making of the Remuneration and Appraisal Committee, and providing materials regarding relevant aspects of the Company:

(I) to provide information on the achievement of the Company's main financial indicators and business goals;

(II) to provide information on the scope of work and main responsibilities of the Company's senior management;

(III) to provide information on the achievement of indicators involved in the job performance appraisal system for directors and senior management;

(IV) to provide information on performance of directors and senior management in terms of their ability to innovate in business and generate profits;

(V) to provide relevant calculation basis for formulating the Company's remuneration allocation plan and allocation method based on the Company's performance.

Article 14 Procedures for appraising directors and senior management by the Remuneration and Appraisal Committee are as follows:

(I) directors and senior management of the Company shall make a presentation and self-evaluation to the Remuneration and Appraisal Committee of the board of directors;

(II) the Remuneration and Appraisal Committee shall evaluate the performance of directors and senior management in accordance with the performance evaluation standards and procedures;

(III) based on the results of the job performance evaluation and the remuneration allocation policy, the committee shall propose the remuneration amount and the reward methods for directors and senior management, and upon its approval by voting, submit the same to the board of directors of the Company.

Chapter V Rules of Procedure

Article 15 The Remuneration and Appraisal Committee shall meet at the request of the board of directors or in response to a proposal by the members of the Remuneration and Appraisal Committee, and all members shall be notified three days prior to the meeting. The meeting notice may be given by personal delivery, mail, email, fax, telephone, SMS, WeChat or other means; provided that in special circumstances, immediate notice shall be given and the meeting shall be held in a timely manner. Meetings shall be chaired by the chairperson of the committee. If the chairperson of the committee is unable to attend, he/she may delegate another member (an independent director) to chair the meeting.

Article 16 Meetings of the Remuneration and Appraisal Committee shall be held only when attended by two-thirds or more of the members. Each member shall have one vote. Resolutions passed at a meeting must be approved by more than half of all members.

Article 17 Voting at meetings of the Remuneration and Appraisal Committee shall be conducted by a show of hands or by poll. Meetings may also be held by means of voting by communication.

Article 18 The Remuneration and Appraisal Committee may invite other directors and senior management of the Company to attend the meeting as observers when necessary.

Article 19 If necessary, the Remuneration and Appraisal Committee may engage intermediaries to provide professional advice for its decision-making, at the expense of the Company.

Article 20 When issues related to committee members are under discussion at the meetings of the Remuneration and Appraisal Committee, the parties involved should abstain from the discussion.

Article 21 The procedures for convening meetings of the Remuneration and Appraisal Committee, the voting methods, and the remuneration policies and allocation plans passed at the meetings must comply with the provisions of relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, and these terms of reference.

Article 22 Minutes shall be taken for meetings of the Remuneration and Appraisal Committee. Members attending the meeting shall sign the minutes. The minutes of meetings shall be kept by the secretary to the board of directors of the Company.

Article 23 Resolutions passed and voting results at meetings of the Remuneration and Appraisal Committee shall be reported in writing to the board of directors of the Company.

Article 24 All members attending the meetings shall owe a duty of confidentiality with respect to the matters discussed at the meetings and shall not disclose relevant information without authorization.

Chapter VI Supplementary Provisions

Article 25 These terms of reference shall take effect and be implemented upon their approval by the board of directors of the Company and from the date on which the overseas-listed shares (H Shares) issued by the Company are listed on the main board of the Hong Kong Stock Exchange. Upon the implementation of these terms of reference, the Company's original Terms of Reference of the Remuneration and Appraisal Committee of the Board of Directors shall automatically cease to have effect.

Article 26 Matters not covered by these terms of reference shall be handled in accordance with the provisions of relevant national laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. In the event of any conflict between these terms of reference and any national laws or regulations promulgated in the future, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association as amended through lawful procedures, the relevant national laws, regulations, the securities regulatory rules 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 consideration and approval.

Article 27 Unless otherwise required by these terms of reference, the meanings of the terms used herein shall be the same as those of the terms used in the Articles of Association.

Article 28 The board of directors of the Company shall be responsible for the interpretation of these terms of reference.