

# XIAMEN JIHONG CO., LTD 廈門吉宏科技股份有限公司

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

## Implementation Rules for the Remuneration and Appraisal Committee of the Board of Directors

### CHAPTER 1 GENERAL PROVISIONS

**Article 1** In order to establish and improve the performance appraisal and remuneration management system for the Company's directors (including independent directors) and senior management (hereinafter referred to as "**management personnel**") and to perfect the corporate governance structure, the Company has established the Remuneration and Appraisal Committee of the Board of Directors and formulated these Implementation Rules in accordance with the Company Law of the People's Republic of China and the Articles of Association as well as with reference to the Code for Corporate Governance of Listed Companies, the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"), the Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 – Standardized Operation of Listed Companies on the Main Board and other relevant provisions.

**Article 2** The Remuneration and Appraisal Committee of the Board of Directors is a specialised working body established by the Board of Directors pursuant to a resolution of the shareholders' general meeting, which is primarily responsible for formulating the appraisal criteria for the Company's directors and management personnel and conducting appraisals, and formulating and reviewing the Company's remuneration policies and plans for both the Company and its management personnel. The Committee is accountable to the Board of Directors.

**Article 3** For the purposes of these Implementation Rules, "directors" refer to the chairman and directors of the Company who receive remuneration from the Company, while "management personnel" refers to the general manager, deputy general managers, board secretary appointed by the Board of Directors, and other senior management personnel as recognised by the Board of Directors upon the recommendation of the general manager.

### CHAPTER 2 COMPOSITION

**Article 4** The Remuneration and Appraisal Committee shall comprise three directors, with the majority of the members being independent non-executive directors (i.e. independent directors).

**Article 5** Members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the Board of Directors, more than one-half of 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 Chairman (the Convener), who is an independent director, to preside 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 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.

**Article 8** A working group shall be established under the Remuneration and Appraisal Committee to provide relevant operational information of the Company and details concerning the personnel subject to appraisal, which shall also be responsible for preparing meetings of the Remuneration and Appraisal Committee and implementing resolutions adopted by the Remuneration and Appraisal Committee.

### **CHAPTER 3 DUTIES AND AUTHORITIES**

**Article 9** The main duties and authorities of the Remuneration and Appraisal Committee are as follows:

(1) to formulate remuneration plans or schemes, policies and structures based on the major scope, duties and responsibilities, importance of positions of directors and the senior management as well as the remuneration level of the relevant positions of other related enterprises; to establish formal and transparent procedures to formulate the above remuneration plans or schemes, and to make recommendations to the Board of Directors. The above remuneration plans or schemes mainly include but not limited to performance evaluation standards, procedures and major evaluation systems, major schemes and systems of rewards and punishments, etc;

(2) to review and approve the remuneration proposals of the management with reference to the corporate goals and objectives set by the Board of Directors;

(3) to determine the remuneration packages of individual executive directors 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;

(4) to make recommendations to the Board of Directors on the remuneration of non-executive directors;

(5) to consider factors including the requirements of relevant laws and regulations, the remuneration paid by comparable companies, the time to be devoted by and responsibilities of directors and the senior management, the employment conditions of other positions in the Company and whether the remuneration shall be set based on performance;

(6) to consider the appraisal target plans and appraisal results for senior management for each year and during their terms of office;

(7) to consider the employee's income distribution, benefits and other major systems of the Company;

(8) to supervise and evaluate the effects of the construction and implementation of the evaluation and remuneration systems by the persons-in-charge of the Company's internal departments, branches and subsidiaries (except the person-in-charge of the internal audit department);

(9) to review and approve the payment of compensation to executive directors and senior management for loss or termination of employment or appointment so as to ensure that such compensation satisfies the contractual terms. If it fails to do so, the compensation must be fair and reasonable and no undue burden is placed on the Company;

(10) to review and approve the compensation arrangements in relation to the dismissal or removal of directors as a result of misconduct so as to ensure that such arrangements are in compliance with the contractual terms, and in the case where the compensation arrangements are not in compliance with the contractual terms, to ensure that such compensation arrangements shall be fair and reasonable;

(11) to ensure that no director or any of his/her associates (as defined in the Hong Kong Listing Rules) is involved in determining his/her own remuneration;

(12) to consider and/or approve matters relating to the share schemes as set out in Chapter 17 of the Hong Kong Listing Rules;

(13) other duties and powers as conferred by the laws, regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed, these Rules of Procedure and the Board of Directors.

**Article 10** The Remuneration and Appraisal Committee of the Board of Directors is responsible for formulating criterion for assessing and reviewing the directors and senior management and their remuneration policies and plans, and making recommendations to the Board of Directors in respect of the following matters:

(1) remuneration of directors and senior management;

(2) formulating or amending share incentive schemes, employee stock ownership schemes, entitlements of incentive schemes participants and conditions of exercising such entitlements;

(3) stock ownership schemes arrangements for directors and senior management in the proposed spin-off subsidiary(ies);

(4) other matters as stipulated by the laws, administrative regulations, provisions of the China Securities Regulatory Commission and the Articles of Association and as conferred by the Board of Director.

**Article 11** The Board of Directors has the right to veto any remuneration plans or proposals that may harm the interests of the shareholders.

**Article 12** The remuneration plans for the Company's directors proposed by the Remuneration and Appraisal Committee must be submitted to the Board of Directors for approval and then to the shareholders' general meeting for consideration and approval before implementation. The remuneration allocation plans for the Company's management personnel must be approved 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.

## **CHAPTER 4 DECISION-MAKING PROCEDURES**

**Article 13** The working group under the Remuneration and Appraisal Committee is responsible for preparing the preliminary work for the decisions of the Remuneration and Appraisal Committee, including providing relevant company information in the following areas:

(1) information on the main financial indicators and completion of business objectives of the Company;

(2) information on the division of work of the Company's senior management and their main responsibilities;

(3) information on the fulfillment of targets involved in the work performance assessment system of directors and senior management;

(4) information on the operational performance of directors and senior management, including their business innovation capacities and profitability;

(5) the Company's proposed remuneration distribution plan and the calculation basis of distribution method based on the Company's performance.

**Article 14** The procedures for evaluating directors and senior management adopted by the Remuneration and Appraisal Committee include:

(1) the directors and senior management of the Company shall report their work and conduct self-assessment to the Remuneration and Appraisal Committee of the Board of Directors;

(2) the Remuneration and Appraisal Committee shall carry out performance appraisal of the directors and senior management according to the performance appraisal standards and procedures;

(3) the Remuneration and Appraisal Committee shall propose the remuneration amount and incentive method for the directors and senior management according to the performance appraisal results and remuneration distribution policy, which shall be reported to the Board of Directors after its approval by voting.

## **CHAPTER 5 RULES OF PROCEDURE**

**Article 15** The Remuneration and Appraisal Committee shall convene at least one meeting per year. All members shall be given notice of the meeting three days in advance. Meetings shall be presided over by the Chairman. In the event that the Chairman is unable to attend, another member (who must be an independent director) may be appointed to preside over the meeting.

**Article 16** Meetings of the Remuneration and Appraisal Committee shall be held only if at least two-thirds of the members are present. Each member shall be entitled to one vote. A resolution shall be deemed to be passed only if it is approved by a majority of all members of the Committee.

**Article 17** Voting at meetings of the Remuneration and Appraisal Committee shall be conducted by a show of hands or ballot. Ad hoc meetings may be held by means of telecommunication voting.

**Article 18** Where necessary, directors, supervisors, and senior management of the Company may also be invited by the Remuneration and Appraisal Committee to be present at its meetings.

**Article 19** Where necessary, the Remuneration and Appraisal Committee may engage intermediary institutions to provide professional advice for its decision-making, with all related expenses to be borne by the Company.

**Article 20** When the Remuneration and Appraisal Committee discusses matters concerning its members, the parties involved should abstain from participation.

**Article 21** The convening procedures, voting methods, and remuneration policies and allocation plans passed at meetings of the Remuneration and Appraisal Committee must comply with relevant laws, regulations, the Articles of Association, and these Implementation Rules.

**Article 22** Minutes shall be kept for meetings of the Remuneration and Appraisal Committee. Members attending the meeting shall sign the minutes, which shall be maintained by the Secretary to the Board of Directors.

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

**Article 24** All members attending the meeting shall have a duty of confidentiality with respect to the matters discussed and shall not disclose any relevant information without authorisation.

## **CHAPTER 6 SUPPLEMENTARY PROVISIONS**

**Article 25** These Implementation Rules shall become effective upon approval by the Board of Directors and from the date on which the Company's H shares are listed on The Stock Exchange of Hong Kong Limited.

**Article 26** Matters not covered in these Implementation Rules shall be implemented in accordance with applicable national laws and regulations, 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 Rules and the national laws and regulations subsequently introduced, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association as amended through lawful procedures, such laws, regulations, securities regulatory rules of the place where the Company's shares are listed, and Articles of Association shall prevail, and these Rules shall be revised immediately and submitted to the Board of Directors for consideration and approval.

**Article 27** The right of interpretation regarding these Rules shall be reserved for the Board of Directors of the Company.

**Xiamen Jihong Co., Ltd**  
**January 2024**

*Note: In case of any inconsistency between the English and Chinese version of these Implementation Rules, the Chinese version shall prevail.*