

# **Tian Tu Capital Co., Ltd.**

## **Terms of Reference of the Remuneration Committee of the Board of Directors**

### **Chapter 1 General**

**Article 1** Pursuant to the Company Law of the People's Republic of China (hereinafter referred to as the "**Company Law**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Listing Rules**"), Appendix 14 to the Listing Rules (hereinafter referred to as the "**Corporate Governance Code**") and other relevant laws, regulations, regulatory documents and the Articles of Association of Tian Tu Capital Co., Ltd. applicable after the issuance of H shares (hereinafter referred to as the "**Articles of Association**"), Tian Tu Capital Co., Ltd. (hereinafter referred to as the "**Company**") has, according to the resolution of the board of directors (hereinafter referred to as the "**Board**"), decided to set up a remuneration committee of the Board, and hereby formulate the Terms of Reference of the Remuneration Committee of the Board of Directors of Tian Tu Capital Co., Ltd. (hereinafter referred to as the "**Terms of Reference**") by taking into account the Company's actual conditions, in an effort to further establish and enhance the Company's remuneration and appraisal management system and enhance corporate governance structure.

**Article 2** The Remuneration Committee is a specialized working body under the Board of the Company, which is principally responsible for studying and formulating the appraisal standards for directors, supervisors and senior management and conducting appraisal in accordance with such standards, putting forward opinions and recommendations, and studying, formulating and reviewing the remuneration plans or schemes for directors, supervisors and senior management of the Company.

**Article 3** Directors mentioned in the Terms of Reference refer to the directors who receive remuneration from the Company, and the senior management refers to the general manager, deputy general manager, chief financial officer, chief risk officer and secretary to the Board of the Company, and other personnel expressly appointed by the Board as the Company's senior management. The "general manager" mentioned in the Terms of Reference refers to the "manager" mentioned in the Company Law.

### **Chapter 2 Composition**

**Article 4** The Remuneration Committee shall consist of over three (3) directors, and over half (1/2) of the Committee shall be independent non-executive directors.

**Article 5** Members of the Remuneration Committee shall be nominated by the chairman of the Board or the Nomination Committee of the Board, and shall be elected by more than half of all directors of the Board. After the proposal of electing members of the Committee has been approved, the new members of the Committee shall take office immediately after the conclusion of the meeting of the Board.

**Article 6** Members of the Remuneration Committee shall be appointed and removed by the Board. The Remuneration Committee shall report to the Board from time to time.

**Article 7** The Remuneration Committee shall have a convener, namely the chairman of the Committee, who shall be an independent non-executive director. The chairman of the Committee shall be appointed by the Board and take charge of the work of the Committee. Where the chairman of the Committee is unable or fails to fulfill his/her duties, an independent non-executive director shall be elected by over half (1/2) of the members of the Committee to act in his/her stead.

**Article 8** The term of office of the members of the Remuneration Committee shall be consistent with that of directors of the Board. Each member of the Committee shall be eligible for re-election upon the expiry of his/her term of office. During his/her term of office, if any Committee member ceases to be a director of the Company, or any Committee member as an independent non-executive director ceases to have the independence as required under the Articles of Association and the Listing Rules, his/her qualification as a member of the Committee shall be lost automatically. A member of the Remuneration Committee may submit his/her resignation report in writing to the Board prior to the expiry of his/her term of office to resign from his/her existing position. The resignation report shall contain such reasons for resignation and matters which need attention of the Board of the Company as necessary. Upon the loss of qualification or the permission to resign, the position(s) vacated by such member(s) shall be filled by the Board according to the relevant laws, regulations, regulatory documents and the provisions of Articles 4 to 7 as set forth above. The substitute member(s) shall hold office until the expiry of his/her term of office as a director or an independent non-executive director. A member of the Committee shall not, before the expiry of his/her term of office, be relieved of his/her duties without cause except for the situations specified in the Company Law, the Articles of Association or the Listing Rules.

### **Chapter 3 Duties and Authorities**

**Article 9** The primary duties and authorities of the Remuneration Committee are:

- (I) to formulate the remuneration policy and make recommendations to the Board on the overall remuneration policy and structure (including but not limited to the performance appraisal criteria and procedures, key appraisal system, and major schemes and systems for rewards and punishments) for the directors, supervisors and senior management and on establishing formal and transparent procedures, based on the major scope of work, duties and importance of the management positions of the directors, supervisors and senior management as well as the remuneration levels of relevant positions in other companies of similar nature, and to oversee the implementation of the schemes;
- (II) to review and approve the remuneration proposals of the management with reference to the corporate targets and objectives set by the Board;
- (III) to review the performance of the directors and senior management of the Company, conduct the annual performance evaluation on them and formulate annual incentives schemes which shall be submitted to the Board for approval and implementation;
- (IV) to supervise the implementation of the Company's remuneration system;

- (V) to recommend to the Board for determining the remuneration packages offered to individual executive directors, supervisors and senior management, including non-monetary benefits, pension rights and compensation (including compensation paid for any loss or termination of office or appointment), and to recommend to the Board in respect to the remuneration offered to non-executive directors;
- (VI) to consult the chairman of the Board and/or the general manager in respect to the remuneration proposed for other executive directors. The Remuneration Committee shall seek independent professional opinions if necessary;
- (VII) to review and approve the compensation payable to executive directors, supervisors and senior management for any loss or termination of office or appointment to ensure that the compensation is consistent with contractual terms. Otherwise, the compensation shall be fair, reasonable and not excessive;
- (VIII) to review and approve the compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that the arrangements are consistent with contractual terms. Otherwise, the compensation shall be reasonable and appropriate;
- (IX) to ensure that any directors or his/her associate(s), as defined in the Listing Rules, shall not participate in determining his/her own remuneration, and that the remuneration of non-executive directors who are also members of the Remuneration Committee shall be determined by other members of the Remuneration Committee;
- (X) to review directors' service contracts;
- (XI) to review and/or approve matters relating to equity incentive schemes set out in Chapter 17 of the Listing Rules;
- (XII) to consider remunerations, time consuming and duties of the peer companies, and employment conditions for other posts in the Group;
- (XIII) other matters as authorized by the Board.

**Article 10** The remuneration plans or schemes proposed by the Remuneration Committee shall not harm the interests of the shareholders, the Board shall have the right to reject any remuneration plans or schemes that harm the interests of the shareholders.

**Article 11** The remuneration plans or schemes for the directors and supervisors of the Company proposed by the Remuneration Committee shall be approved by the Board and submitted to a general meeting for consideration and approval before implementation (if applicable); and the remuneration plans or schemes for senior management of the Company shall be approved by the Board. The Remuneration Committee shall be accountable to the Board and proposals of the Committee shall be submitted to the Board for consideration. Relevant departments of the Company shall be obligated to cooperate with the Remuneration Committee and provide relevant materials. The Remuneration Committee shall be provided with sufficient resources to fulfill its duties.

In accordance with the Listing Rules, the above service contracts of directors or supervisors, which are subject to the shareholders' approval, include:

- (I) service contracts with a term of more than three (3) years; or

- (II) contracts which may not be terminated by the Company unless over one (1) year's notice is given or a compensation or other payments equivalent to at least one (1) year's emoluments are made.

The Remuneration Committee shall comment on the above service contracts for directors or supervisors which are subject to the shareholders' approval, and notify the shareholders that whether relevant contract terms are fair and reasonable, whether relevant contracts are in the interest of the Company and its shareholders as a whole, and how the shareholders (other than those shareholders who are directors or supervisors and have a material interest in such service contracts, as well as associates thereof) should vote and give opinions.

**Article 12** The Remuneration Committee shall make available its Terms of Reference explaining its role and the authority delegated to it by the Board on the websites of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange**”) and the Company.

#### **Chapter 4 Working Procedures**

**Article 13** As the daily office of the Remuneration Committee, the human resource administration department of the Company is responsible for providing information related to human resources as well as individuals to be evaluated, preparing for Remuneration Committee meetings and implementing relevant resolutions of the Board and the Remuneration Committee.

**Article 14** The human resource administration department of the Company is in charge of the preliminary preparation for the decision-making of the Remuneration Committee and shall provide the following materials of the Company:

- (I) information on fulfillment by the Company of the key financial indicators and operation objectives;
- (II) range of the job responsibility and performance of major duties of directors, supervisors and senior management of the Company;
- (III) information on fulfillment of the performance targets set out under the performance appraisal system by the directors, supervisors and senior management;
- (IV) operation performance of the business innovation capabilities and profit generation capabilities of the directors, supervisors and senior management;
- (V) relevant calculation bases of the remuneration plans or proposals proposed in accordance with the performance of the Company;
- (VI) maintenance of the daily working relationships with intermediaries designated by the Remuneration Committee;
- (VII) provision of the Company's various remuneration systems and their implementation at the request of the Remuneration Committee.

The Remuneration Committee fulfills its major duties under Article 9 of the Terms of Reference based upon information supplied by the human resource administration department of the Company.

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

## **Chapter 5 Rules of Procedure**

**Article 15** Meetings of the Remuneration Committee shall be held at least once a year. An extraordinary meeting of the Remuneration Committee may be convened as the chairman of the Remuneration Committee deems it necessary, upon the proposal of over half of the members of the Committee or the recommendation of the chairman of the Board.

**Article 16** Meetings of the Remuneration Committee shall be convened by the chairman of the Committee. Notice of meeting, signed by the chairman of the Committee, and materials for meeting shall be delivered to all members of the Committee three (3) days (excluding the date of the meeting) prior to the meeting. Upon unanimous consent of all members of the Committee, the requirement on such prior notice period may be exempted.

**Article 17** Meetings of the Remuneration Committee shall be presided over by the chairman of the Committee. The chairman of the Committee may, when unable to attend the meeting, authorize another Committee member who is an independent non-executive director to preside over the meeting in his/her stead.

**Article 18** The quorum for meetings of the Remuneration Committee shall be over two thirds (2/3) of the total members of the Committee, one of whom shall be an independent non-executive director. Members who cannot attend a meeting may authorize, in writing, other members to attend and vote on his/her behalf. The form of proxy, containing the name of the proxy, the matters delegated, the scope of authorization and the validity period of such authorization, and signed or stamped by the appointer, shall be submitted to the presider of the meeting no later than the time when voting takes place.

Resolutions proposed at a meeting shall be passed by the affirmative votes of more than half of the members of the Committee. The resolutions or opinions shall be signed by members of the Remuneration Committee attending such meeting. Each member of the Committee shall have one vote. Voting decisions include "For", "Against" and "Abstention". If the "For" and "Against" are equal, the chairman of the Committee shall be entitled to an additional vote.

**Article 19** Meetings of the Remuneration Committee may be in such appropriate forms as on-site meetings, telephone conference, video conference, circulation of documents, fax, mail, etc.

**Article 20** Where necessary, directors, supervisors and senior management of the Company and external consultants may be invited to attend a meeting of the Remuneration Committee as observers. Persons attending the meeting can give explanations or clarifications on matters discussed at the meeting, but have no right to vote if he/she is not a member of the Committee.

**Article 21** The Company shall provide sufficient resources to the Remuneration Committee to fulfill its duties. The senior management and relevant departments of the Company shall actively support and cooperate with the Remuneration Committee, and provide such necessary information as required by the Remuneration Committee. Where necessary, the Remuneration Committee may engage independent intermediary agencies to provide professional opinions on its decision-making with the reasonable cost borne by the Company.

**Article 22** A member of the Remuneration Committee shall withdraw the discussion in the meetings of the Remuneration Committee for which he/she is relating to the proposal.

**Article 23** The convening procedures, voting method and approved remuneration policies and allocation schemes of the meetings of the Remuneration Committee shall comply with relevant laws and regulations, the Articles of Association and the Terms of Reference.

**Article 24** Minutes of meetings of the Remuneration Committee shall be prepared, on which members present at the meetings shall sign. Minutes of meetings of the Committee shall be kept by the secretary to the Board of the Company.

**Article 25** Proposals passed at the meeting of the Remuneration Committee and the voting results shall be reported in writing to the Board of the Company for its consideration.

**Article 26** Members present at the meetings of the Committee, and those present as observers, shall owe a duty of confidentiality as regards matters discussed during such meetings. No unauthorized disclosure of such information shall be allowed, save as is otherwise stipulated under relevant laws, regulations and/or rules of regulatory bodies.

## **Chapter 6 Supplementary Provisions**

**Article 27** A numeral expression with “over” as referred to in the Terms of Reference includes the number indicated, and the phrase “more than half” does not include the number indicated.

**Article 28** The Terms of Reference have been approved by the Board upon consideration and shall become effective and come into force from the date on which the H shares of the Company’s initial public offering are listed and traded on the Hong Kong Stock Exchange. Any amendment or interpretation of the Terms of Reference shall be done by the Board.

**Article 29** Any matters not covered herein shall be implemented in accordance with the relevant laws and regulations, departmental rules, the Listing Rules and the Articles of Association. Where the Terms of Reference conflicts with any relevant laws and regulations, departmental rules, relevant regulatory provisions of the place(s) where the shares of the Company are listed including the Listing Rules, or the Articles of Association, such laws and regulations, departmental rules, relevant regulatory provisions of the place(s) where the shares of the Company are listed including the Listing Rules, and the Articles of Association shall prevail, in which case the Terms of Reference shall be amended forthwith and submitted to the Board for consideration and approval.

**Tian Tu Capital Co., Ltd.**  
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