



## China Risun Group Limited

### 中國旭陽集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1907)**

## TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

### ESTABLISHMENT

1. The remuneration committee (the “**Remuneration Committee**”) of China Risun Group Limited (the “**Company**”) was established by resolution of the board of directors of the Company (the “**Board**”) on September 29, 2018.

### DEFINITION

2. The word “remuneration”, as used in these terms of reference, includes without limitation any salaries, bonuses, allowances, benefits (in cash or in kind), pension arrangements, reimbursements, compensation payments (including any compensation payable for loss or termination of office or appointment), incentive awards and share options.

### PURPOSE

3. The purpose of the Remuneration Committee is to assist the Board in determining the policy and structure for the remuneration of, and fixing the remuneration packages for, the directors of the Company (“**Directors**”) and senior management of the Company (“**Senior Management**”), as well as reviewing incentive schemes and Directors’ service contracts.

### MEMBERSHIP

4. The members of the Remuneration Committee (the “**Members**”) shall be appointed by the Board from time to time and shall consist of not less than three Directors, a majority of which shall be independent non-executive Directors.
5. Appointments to the Remuneration Committee shall be for a period of up to three years, which may be extended by the Board provided that a majority of the Members remain independent non-executive Directors.
6. The Board shall appoint one Member who is also an independent non-executive Director as the chairman of the Remuneration Committee (the “**Chairman**”).

7. The company secretary of the Company shall be the secretary (the “**Secretary**”) of the Remuneration Committee.

## **MEETINGS**

8. The Remuneration Committee shall meet at least once annually, or more frequently if circumstances require. The Chairman shall convene a meeting upon request by any Member.
9. The Chairman (or in his or her absence, a Member designated by the Chairman) shall preside at all meetings of the Remuneration Committee. The Chairman shall be responsible for leading the Remuneration Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.
10. An agenda and other relevant documents should be sent in full to all Members in a timely manner and at least three days before the intended date of a meeting of the Remuneration Committee (or such other period as may be agreed by its Members).
11. Meetings of the Remuneration Committee may follow the same procedures as those for meetings of the Board under the relevant provisions in the articles of association of the Company, as amended from time to time.
12. Each Member shall disclose to the Remuneration Committee:
  - (a) any personal financial interest (other than as a shareholder of the Company (the “**Shareholders**”)) in any matter to be decided by the Remuneration Committee; or
  - (b) any potential conflict of interest arising from a cross-directorship.

Any such Member shall abstain from voting on the resolutions of the Remuneration Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Remuneration Committee.

13. Minutes of meetings of the Remuneration Committee shall be prepared by the Secretary which shall be sent to all Members as soon as practicable and within a reasonable time after the conclusion of the meeting. Minutes of meetings of the Remuneration Committee shall record the names of the Members present at each meeting of the Remuneration Committee, as well as in sufficient detail the matters considered by the Remuneration Committee and decisions reached, including any concerns raised by Members or dissenting views expressed. The minutes shall also be made available for inspection on reasonable notice by any Director.

## **AUTHORITY**

14. The Remuneration Committee is authorised by the Board to perform any activity within these terms of reference, including without limitation the making of recommendations to the Board on the remuneration payable to executive Directors and members of Senior Management, the emolument policies and the basis for determining such emoluments.
15. The Remuneration Committee shall be provided with sufficient resources to perform its duties, including but not limited to obtaining independent professional advice and assistance from internal or external legal, accounting or other advisers at the expense of the Company. The Remuneration Committee shall be responsible for establishing the selection criteria, selecting, appointing and setting the terms of engagement for any external party who advises the Remuneration Committee.
16. The Remuneration Committee shall have full access to management and may invite members of management or others to attend its meetings. All employees of the Company are directed to cooperate with any information request made by the Remuneration Committee.

## **DUTIES**

17. The Remuneration Committee shall perform the following duties:
  - (a) establish and review the Company's policy and structure for all Directors' and Senior Management's remuneration;
  - (b) make recommendations to the Board on the establishment of a formal and transparent procedure for developing remuneration policy, as well as on employee benefit arrangements;
  - (c) review and make recommendations to the Board on the remuneration proposals of individual executive Directors, non-executive Directors and Senior Management, with reference to the Board's corporate goals and objectives;
  - (d) 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 and not excessive;
  - (e) 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;
  - (f) review the terms of executive Directors' service contracts from time to time;

- (g) advise Shareholders on how to vote with respect to any service contracts of Directors that require Shareholders' approval in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**");
  - (h) to review, approve and operate matters related to share schemes as described in Chapter 17 of the Listing Rules; and
  - (i) any other duties and functions duly delegated by the Board of Directors.
18. In carrying out its duties under these terms of reference, the Remuneration Committee shall:
- (a) consider factors such as (i) salaries paid by comparable companies, time commitment and responsibilities and employment conditions of the Company and its subsidiaries; (ii) appointment and termination terms for Directors and Senior Management to ensure they are fair; and (iii) compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure they are reasonable and appropriate;
  - (b) ensure that the remuneration levels should be sufficient to attract and retain Directors and Senior Management of the quality required to run the Company successfully without paying more than necessary;
  - (c) consult the chairman of the Board and/or chief executive of the Company about their remuneration proposals for other executive Directors and Senior Management;
  - (d) ensure that no Director or any of his/her associates should be involved in deciding his/her own remuneration;
  - (e) ensure that a significant proportion of executive Directors' remuneration links rewards to corporate and individual performance; and
  - (f) ensure that any offers and awards of shares and/or share options by the Company to the Directors and/or Senior Management and/or any other eligible participants as permitted under the Listing Rules are in accordance with Chapter 17 of the Listing Rules, as applicable.

## **REPORTING PROCEDURES**

19. Without prejudice to the generality of the duties of the Remuneration Committee set out in these terms of reference, the Remuneration Committee shall report to the Board on a regular basis on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so.
20. The Remuneration Committee shall evaluate its own performance, these terms of reference and its membership annually to ensure it is performing its duties effectively, and recommend to the Board any changes it considers necessary.
21. The Chairman or his duly appointed delegate shall attend the Company's annual general meetings and respond to any questions from the Shareholders on the Remuneration Committee's activities.

## **TERMS AVAILABLE**

22. The Remuneration Committee shall make available these terms of reference on request and by inclusion on the websites of the Company and The Stock Exchange of Hong Kong Limited in order to explain its role and authority delegated to it by the Board.

Hong Kong, March 30, 2023