

# MeiG Smart Technology Co., Ltd.

## Terms of Reference for the Remuneration and Appraisal Committee of the Board (Applicable after the issuance and listing of H Shares)

### Chapter 1 General Provisions

**Article 1** In order to further enhance the appraisal and remuneration management system for the directors and senior management members of MeiG Smart Technology Co., Ltd. (the “**Company**”) and to improve the corporate governance structure, the Company hereby establishes the Remuneration and Appraisal Committee of the Board of Directors of the Company (the “**Board**”) and formulates the Terms of Reference in accordance with the Company Law of the People’s Republic of China, the Guidelines for Corporate Governance of Listed Companies, the self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1: Standardized Operation of the Companies Listed on the Main Board, the Administrative Measures for Independent Directors of Listed Companies, and other laws, administrative regulations, provisions of the China Securities Regulatory Committee (the “**CSRC**”), business rules of the Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), as well as other laws, regulations, normative documents, relevant regulatory rules (the “**securities regulatory rules of the places where the Company’s stocks are listed**”) of the securities regulatory authorities and stock exchanges in the places where the Company’s stocks are listed (the “**securities regulatory authorities in the places where the Company’s stocks are listed**”), and the Articles of Association of MeiG Smart Technology Co., Ltd. (the “**Articles of Association**”), among other relevant provisions.

**Article 2** The Remuneration and Appraisal Committee is a special body established by the Board pursuant to the resolution of the shareholders’ meeting, mainly responsible for formulating appraisal standards and conducting appraisal for the directors and senior management members of the Company, as well as developing and reviewing remuneration policies and plans for directors and senior management member of the Company and shall be accountable to the Board.

**Article 3** The Board Office of the Company provides comprehensive services to the Remuneration and Appraisal Committee, responsible for coordinating its daily liaison work, meeting organization, and other related matters. The Company’s Human Resources Department offers professional support to the Remuneration and Appraisal Committee by providing relevant operational information of the Company, information on personnel subject to appraisal, and provides feedback on the implementation of the appraisal system to the Remuneration and Appraisal Committee.

## **Chapter 2 Composition**

**Article 4** The Remuneration and Appraisal Committee shall comprise three directors, at least two of whom shall be independent directors.

**Article 5** The members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the Board, more than half of the independent directors or one-third of all directors, and shall be elected by the Board.

**Article 6** The Remuneration and Appraisal Committee shall have one chairperson, who is an independent director, to preside over the work of the Committee; the chairperson shall be elected among the members and approved by the Board.

**Article 7** The term of office of the Remuneration and Appraisal Committee shall be the same as that of the Board. After the term expires, its members can be re-elected. Any member who no longer serves as director of the Company during the term or any member who is an independent director and no longer meets relevant independence requirements as specified in the securities regulatory rules of the places where the Company's stocks are listed and the Articles of Association shall automatically be disqualified as a member, and the Committee shall fill the vacancy in accordance with the provisions of Articles 4 to 6 above.

## **Chapter 3 Duties and Authorities**

**Article 8** The primary duties and authorities of the Remuneration and Appraisal Committee are as follows:

- (I) to consult the chairman of the Board or the chief executive officer about its remuneration proposals for other executive directors and have access to independent professional advice if necessary;
- (II) to formulate remuneration plans or schemes based on the major scope, duties and responsibilities, importance of positions of directors and the senior management members as well as the remuneration level of the relevant positions of other related enterprises;
- (III) the 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; to make recommendations to the Board on the Company's policy and structure for all directors' and senior management members' remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- (IV) to review the performance of duties by the directors and senior management members of the Company and conduct annual performance evaluations;
- (V) to oversee the implementation of the remuneration system of the Company;
- (VI) to review and approve the remuneration proposals of the management with reference to the corporate goals and objectives set by the Board;
- (VII) to determine the remuneration packages of individual directors and senior management members, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment in accordance with the delegated responsibilities of the Board;
- (VIII) to provide recommendations to the Board regarding the remuneration of non-executive directors;
- (IX) 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 members, the employment conditions of other positions in the Company and whether the remuneration shall be set based on performance;
- (X) to review and approve the payment of compensation to executive directors and senior management members for loss or termination of employment or appointment so as to ensure that such compensation satisfies the contractual terms, if failed to do so, the compensation must be fair and reasonable and no undue burden is placed on the Company;
- (XI) 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;
- (XII) 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;
- (XIII) to consider and/or approve matters relating to the share schemes as set out in Chapter 17 of the Hong Kong Listing Rules;

- (XIV) other matters authorized by the Board and other matters prescribed in relevant laws, administrative regulations, departmental rules, securities regulatory rules of the places where the Company's stocks are listed.

**Article 9** The Remuneration and Appraisal Committee makes recommendations to the Board in respect of the following matters:

- (I) remuneration of executive directors and senior management members (Such remuneration packages shall include benefits in kind, pension rights and amounts of compensation (including compensation for loss or termination of office or appointment) and remuneration of independent directors;
- (II) formulating or amending equity incentive plans (including share plans as described in Chapter 17 of the Hong Kong Listing Rules), employee stock ownership plans, entitlements of incentive schemes participants and conditions of exercising such entitlements;
- (III) stock ownership schemes arrangements for directors and senior management members in the proposed spin-off subsidiary(ies);
- (IV) other matters as stipulated by the laws, administrative regulations, securities regulatory rules of the places where the Company's stocks are listed, the Terms of Reference and the Articles of Association.

The Board 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.

The remuneration plan for the directors of the Company proposed by the Remuneration and Appraisal Committee shall be approved by the Board and submitted to the shareholders' meeting for consideration and approval prior to its implementation. The remuneration plan for the senior management members of the Company shall be approved by the Board.

## **Chapter 4 Decision-making Procedures**

**Article 10** The Board Office, the Human Resources Department, and other relevant departments of the Company shall, upon request by the Remuneration and Appraisal Committee, provide all or part of the following written materials:

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

- (II) information on the division of work of the Company's senior management members and their main responsibilities;
- (III) information on the fulfillment of targets involved in the work performance assessment system of directors and senior management members;
- (IV) information on the operational performance of business innovation capabilities and profit-generation abilities of directors and senior management members;
- (V) the Company's proposed remuneration distribution plan and the calculation basis of distribution method based on the Company's performance.

**Article 11** The Remuneration and Appraisal Committee's procedures for appraising directors and senior management members are as follows:

- (I) the directors and senior management members of the Company shall report their work and conduct self-assessment to the Remuneration and Appraisal Committee of the Board;
- (II) the Remuneration and Appraisal Committee shall carry out performance appraisal of the directors and senior management members according to the performance appraisal standards and procedures;
- (III) the Remuneration and Appraisal Committee shall propose the remuneration amount and incentive method for the directors and senior management members according to the performance appraisal results and remuneration distribution policy, which shall be reported to the Board after its approval by voting.

## **Chapter 5 Terms of Reference**

**Article 12** 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 chairperson. In the event that the chairperson is unable to attend, another independent director may be appointed to preside over the meeting.

Member of the Remuneration and Appraisal Committee may propose to convene an extraordinary meeting, and the convenor shall convene and preside over such extraordinary meeting within three days upon receipt of the proposal. If the convenor fails to fulfill his/her duty and fails to appoint other independent directors to perform duties on his/her behalf, any member may report to the Board of the Company in a timely manner and the Board shall appoint an independent director to perform the duties of a convenor on his/her behalf.

**Article 13** Meetings of the Remuneration and Appraisal Committee shall only be held when more than two-thirds of the members are present. Each member shall have one vote.

**Article 14** Committee members shall express their views clearly and independently based on their own judgment, and shall endeavor to reach a consensus. If it is genuinely difficult to reach a consensus, the different opinions shall be recorded and explained in the minutes of the meeting.

Resolutions made at the meeting must be approved by more than half of all members.

**Article 15** The meetings of Remuneration and Appraisal Committee shall be convened on site in principle. Provided that all participating directors can fully communicate and express their opinions, such meetings can be held by means of video, telephone or other methods when necessary according to the procedures. The voting at the meetings of the Remuneration and Appraisal Committee shall be undertaken by show of hands or voting. At ad hoc meetings, the voting will be conducted by way of communication means.

**Article 16** When necessary, the Remuneration and Appraisal Committee may invite directors and senior management members of the Company, the human resources department and heads of relevant departments to present its meetings.

**Article 17** The Remuneration and Appraisal Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making at the Company's expense.

**Article 18** Where matters concerning committee members are discussed during the Remuneration and Appraisal Committee meetings, such members shall abstain from the discussion.

**Article 19** The rules of procedures for convening meetings of the Remuneration and Appraisal Committee, voting methods and remuneration policy and distribution plan approved at the meeting must comply with the provisions of the relevant laws, administrative regulations, the securities regulatory authorities rules of the place where the Company's stocks are listed, the Articles of Association and the Terms of Reference.

**Article 20** The Remuneration and Appraisal Committee shall maintain minutes of its meetings. Members present at a meeting shall sign off on the minutes of the meeting. The minutes of meetings shall be kept by the secretary to the Board of the Company. The retention period of information and minutes of the meeting shall be ten years.

**Article 21** Resolutions passed and the voting results of the Remuneration and Appraisal Committee meetings shall be submitted in writing to the Board of the Company.

**Article 22** Members who are present at the meeting shall keep confidential the matters discussed at the meeting, and shall not disclose relevant information without authorization.

## **Chapter 6 Supplementary Provisions**

**Article 23** The Terms of Reference shall come into force as of the date when the H shares issued by the Company are listed on The Stock Exchange of Hong Kong Limited upon the consideration and approval of the Board.

**Article 24** Matters not covered in the Terms of Reference shall be implemented in accordance with the provisions of the relevant laws and administrative regulations of the PRC, the securities regulatory authorities rules of the place where the Company's stocks are listed and the Articles of Association. In case of any conflict between the Terms of Reference and any future laws and administrative regulations of the PRC, the securities regulatory authorities rules of the place where the Company's stocks are listed or the Articles of Association as amended by legal procedures, the relevant laws and administrative regulations of the PRC, the securities regulatory authorities rules of the place where the Company's stocks are listed and the Articles of Association shall prevail, and the Terms of Reference shall be amended immediately and submitted to the Board of the Company for consideration and approval.

**Article 25** The right of interpretation of the Terms of Reference belongs to the Board.