

# **Capinfo Company Limited**

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

### **Chapter 1 General Provisions**

**Article 1** In a view to establish a sound appraisal and remuneration management system for all directors and senior management and optimize the governance structure of the Company, Capinfo Company Limited (hereinafter referred to as the “Company”) has set up a remuneration and appraisal committee (the “Remuneration Committee”) under the Board and formulated this terms of reference in accordance with the relevant provisions of the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Articles of Association of Capinfo Company Limited (hereinafter referred to as the “Articles of Association”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other laws and regulations.

**Article 2** The Remuneration Committee is an ad hoc committee under the Board and shall mainly be responsible for setting up the remuneration policies and packages, appraisal standards of directors, supervisors and senior management of the Company and conducting appraisal thereunder. It shall be accountable to the Board.

**Article 3** Senior Management stated in this Terms of Reference refer to president, vice president, chief financial officer, secretary and joint secretary to the Board who are employed by the Board.

## **Chapter 2 Composition**

**Article 4** The Remuneration Committee comprises three (3) to five (5) directors, the majority of which shall be independent directors.

**Article 5** The Remuneration Committee shall be appointed a chairman (convener) who shall be an independent director and shall be responsible for presiding the work of the Committee. The chairman shall be elected by the Board.

**Article 6** Members of the Remuneration Committee shall be nominated by the Chairman of the Company, half (1/2) or more than half (1/2) of the independent directors or one-third (1/3) or more than one-third (1/3) of all directors, and be elected by the Board.

**Article 7** The chairman of the Remuneration Committee shall be responsible for convening and presiding meetings of the Remuneration Committee. If the chairman of the Remuneration Committee fails to perform his/her duties, he/she shall appoint one committee member (independent non-executive director) to act on his/her behalf. In case the chairman of the Remuneration Committee neither perform his/her duties nor appoint another member to act on his/her behalf, more than half of the committee members could elect one member (independent non-executive member) to act on behalf of the chairman of the Remuneration Committee, and report forthwith the situation to the Board of the Company.

**Article 8** Members of the Remuneration Committee shall possess the following criteria:

- (i) he/she has not been the subject of public censure or declared as inappropriate to hold such position by any stock exchange in the past three (3) years;

(ii) he/she has not been imposed on any administrative penalty by China Securities Regulatory Commission due to material illegal and non-compliance acts during the past three (3) years;

(iii) he/ she shall have sound ethics and integrity, be familiar with the industry the Company is engaged in and have the ability to analyze and judge on macro economy and have related professional knowledge or working background;

(iv) he/she shall comply with the relevant laws, regulations or other conditions as stipulated in the Articles of Association.

**Article 9** In case the inappropriateness as set out in the provisions above arises during the terms of any committee member, that committee member shall resign in his own accord or be removed by the Board of the Company.

**Article 10** The term of office of the members of the Remuneration Committee shall be the same as that of the Board. A member may serve consecutive terms if re-elected upon expiry of his term. If any member ceases to act as a director of the Company during his term of office, he/she shall automatically lose his/her position as a member of the Remuneration Committee, and the vacancy shall be filled by the committee in accordance with the provisions of Articles 4 to 6 of this Terms of Reference.

**Article 11** In case of the number of members of the Remuneration Committee is less than two-thirds (2/3) due to resignation, removal or other reasons or the independent non-executive directors cannot make up the majority, the Board of the Company shall elect new members as soon as practicable.

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

**Article 12** The Remuneration Committee shall exercise the following authorities:

(i) According to the operation objectives and goals of the Company,

propose to the Board the entire remuneration policies, structures and appraisal criteria for the directors, supervisors and senior management of the Company, and make recommendations to the Board of setting up a formal and transparent system for formulating the remuneration policies;

(ii) to make recommendations to the Board of the remuneration packages for individual executive directors and senior management, including benefits in kind, pension right, compensation payment (including compensation for loss or termination of office or appointment) by reference to the remuneration benchmark paid by the similar companies, the duties and responsibilities, the time involved, and the employment conditions of other positions in the Group;

(iii) to review and approve compensation payable to executive directors and senior management for loss or termination of their office or appointment to ensure that such arrangements are determined in accordance with relevant contractual terms and that such compensation payment is otherwise fair and reasonable terms and not excessive;

(iv) to review and approve the compensation arrangements relating to dismissal or removal of directors and supervisors for their misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that such compensation payment is otherwise reasonable and appropriate; and

(v) to ensure that no directors, supervisors or any of their associates is

involved in deciding their own remuneration;

(vi) to vote on the service contracts of the directors and supervisors before submitting to the shareholders for approval;

(vii) to make recommendations to the Board on the remuneration of non-executive directors and supervisors;

(viii) to monitor the implementation of the remuneration system of the Company and propose any amendment thereto if needed;

(ix) to do other duties as delegated by the Board.

**Article 13** Upon the consent of the Board, the proposals of the remuneration packages of the directors of the Company put forward by the Remuneration Committee shall be submitted to be considered and approved at the general meeting before implementation; the proposals of the remuneration packages of the supervisors is subject to the consideration and approval at the general meeting; the remuneration allocation proposal of the Company's senior management shall be approved by the Board. The Board of the Company is entitled to veto any remuneration packages or schemes that will infringe the interests of shareholders.

**Article 14** Appraisal procedures for directors, supervisors and senior management conducted by the Remuneration Committee are as follows:

- (i) the directors, supervisors and senior management of the Company shall report their work to the Remuneration Committee and conduct self-appraisal;
- (ii) the Remuneration Committee shall conduct appraisal on the performance of the directors, supervisors and senior management based on the performance assessment standards and procedures;
- (iii) to propose the amount of remunerations, awards of and payment to the directors, supervisors and senior management according to the performance appraisal results and remuneration allocation scheme, and report the same to the Board of the Company upon the proposal was passed.

**Article 15** The Remuneration Committee shall act pursuant to the Company Law, the Articles of Association and the relevant provisions as stipulated under this Terms of Reference without prejudice to the interests of the Company and the shareholders.

**Article 16** Cooperation shall be seen between the Remuneration Committee and other relevant departments of the Company. Where the Remuneration Committee considers as necessary, an agency can be employed to provide professional opinions for their decision making. The necessary reasonable expense incurred shall be bore by the Company.

#### **Chapter 4 Proceedings of meetings and Voting**

**Article 17** The office of the Board of Directors of the Company together with the Human Resources Department shall assist the Remuneration Committee with the preparation work before decision making, and provide the Company with the information as follows:

- (i) the Company's key financial indicator and the accomplishment of the operating objectives;
- (ii) the scope of duties and the main responsibilities of the senior management of the Company;
- (iii) the accomplishment of the performance standards in connection to the appraisal of the directors, supervisors and senior management;
- (iv) the performance of the directors, supervisors and senior management in terms of business innovation and profitability;
- (v) the budget and the basis for the remuneration allocation scheme and the way of allocation as proposed according to the results of the Company.

**Article 18** The Remuneration Committee shall meet at least once a year. A three (3) -day prior notice shall be given to all committee members. The meeting shall be presided by the chairman of the committee. If he is not able to attend the meeting, he may appoint one of the members (an independent non-executive director) to preside the meeting.

**Article 19** Members of the Remuneration Committee can attend the meeting in person or appoint another member to attend the meeting and vote on his/her behalf. If a member of the Remuneration Committee entrust other member to attend the meeting and exercise the voting rights on his behalf, an instrument of proxy (see the attached template) shall be submitted to the chairman of the meeting. An instrument of proxy shall be delivered to the chairman of the meeting before the commencement of the meeting. The attendance of the meetings by another member shall not be counted as the attendance of relevant member.

**Article 20** Where a member of the Remuneration Committee fails to attend two (2) consecutive meetings without any reasons, he shall be deemed to be unable to perform his duties, and the Board of the Company may revoke his title as committee member.

**Article 21** The meetings of the Remuneration Committee can only be held with the attendance of two-thirds or more of its members of the Remuneration Committee. Each member is entitled to one vote and the resolution can only be passed if adopted by more than half of the committee members.

**Article 22** After the chairman of the meeting of the Remuneration Committee announces the commencement of a meeting, the corresponding content of the motions under each agenda will be discussed in proper order.

**Article 23** The Remuneration Committee can adopt the ways of open discussion



when considering the agenda of the meeting but the discipline of the meetings shall be maintained.

**Article 24** At the meeting, members of the Remuneration Committee will discuss all relevant businesses, and according to the voting rules, all resolutions shall be voted one by one according to the procedures after discussion.

**Article 25** If the Remuneration Committee thinks it necessary, directors, supervisors, senior management and other participants in connection with the motions of the meetings will be invited to explain the situation or express their opinions, but such participants who are not members of the Remuneration Committee have no voting rights on the resolutions.

**Article 26** Where the meeting of the Remuneration Committee discusses the topic related to a Committee member, the related person shall avoid his participation (as the case may be).

**Article 27** Members attending the meetings shall bear a serious and responsible manner to express individual opinions when considering the motions; members shall bear the responsibility for their own vote.

**Article 30** The meetings of the Remuneration Committee adopt the way of showing hands or a poll for voting. The voting intent may be pro, con or abstention. If a particular member attends the meeting on behalf of another member at the same time, he shall vote twice regarding his own voting intent and his appointer's voting intent respectively in case their opinions are inconsistent. Extraordinary meetings can be convened through written communication and voting.

**Article 31** The procedures for convening the meetings of the Remuneration Committee, voting method, the remuneration policies and distribution plans which are passed at the meetings must comply with the provisions of relevant laws, regulations, the Articles of Association and this Terms of Reference.

**Article 32** The minutes of meetings of the Remuneration Committee shall be made. Members attending the meeting shall sign on the minutes. The minutes shall be kept by the secretary of the Board of the Company. During the continuation of the Company, the minutes shall be kept not less than ten (10) years.

**Article 33** The resolutions and poll results of the meetings of Remuneration Committee shall be reported to the Board of the Company in writing.

**Article 34** Member who attends the meeting shall be obliged to keep all the matters discussed therein confidential and are not allowed to disclose relevant information without permission.

## **Chapter 5 Supplementary Provisions**

**Article 35** Any matters uncovered under this Terms of Reference shall be implemented pursuant to the relevant laws, regulations and the Articles of Association. If this Terms of Reference has any conflicts with laws and regulations to be promulgated by the State in future, or the Articles

of Association as amended after legal proceedings, this Terms of Reference shall be executed and altered thereupon according to the requirement of the relevant laws and regulations of the State and the Articles of Association, and put forth to the Board for consideration and approval.

**Article 36** This Terms of Reference shall be construed and amended by the Board of the Company.

**Article 37** This Terms of Reference shall take effect from the date of passing by the Board of the Company.

Attachment: Template of the Proxy Form

Capinfo Company Limited

(amended in February 2012)

Attachment

## Template of the Proxy Form

### **The Remuneration Committee of the Board of Directors of Capinfo Company Limited:**

I am unable to attend the \_\_\_\_\_ meeting of the \_\_\_\_\_ session of the Remuneration Committee of the Board of Directors convened by the Company on \_\_\_\_\_ in person.

I hereby appoint Mr./ Ms. \_\_\_\_\_, on my behalf, to attend this meeting of the Remuneration Committee of the Board, exercise the respective voting rights (pro, con or abstention) on the resolutions of the meeting, and sign the relevant documents of the meeting.

Signature of the appointer: \_\_\_\_\_

Signature of the proxy: \_\_\_\_\_

[Date]