

# **CIMC Vehicles (Group) Co., Ltd.**

## **中集車輛（集團）股份有限公司**

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

### **REMUNERATION COMMITTEE UNDER THE BOARD OF DIRECTORS**

#### **TERMS OF REFERENCE**

##### **Chapter 1 General Provisions**

- Clause 1 In order to further improve the appraisal and remuneration systems for the directors and senior management as well as the corporate governance structure of CIMC Vehicles (Group) Co., Ltd. (the “Company”), the Remuneration Committee under the board of directors of CIMC Vehicles (Group) Co., Ltd. (the “Committee”) is established with these terms of reference (the “Terms”) in accordance with the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the articles of association of CIMC Vehicles (Group) Co., Ltd. (the “Articles”) and other relevant laws, regulations and regulatory documents.
- Clause 2 The Committee is a special committee under the board of directors and is mainly responsible for formulating the appraisal standards and conducting appraisal for the directors and senior management of the Company, and setting up and reviewing the remuneration policy and packages for the same.
- Clause 3 The Committee shall be accountable for and report to the board of directors.
- Clause 4 The reference of “directors” herein refers to all directors of the Company, while “senior management” refers to the chief executive officer, president, executive vice-president, vice president, person-in-charge of finance, secretary of the board of directors and other executives appointed by the board of directors as provided under the Articles.

##### **Chapter 2 Composition of the Committee**

- Clause 5 The Committee shall consist of no less than three directors, with a majority of whom being independent non-executive directors.
- Members of the Committee shall be nominated by the chairman of the board of directors and appointed by the board of directors upon approval by more than half of the directors.
- Clause 6 The Committee shall have a chairman who shall be an independent non-executive director. The chairman shall be nominated by the chairman of the board of directors and appointed upon approval of the board of directors.

- Clause 7 The term of office of the Committee shall be the same as that of the board of directors, and the term of office of a Committee member shall be the same as his/her term of office as a director. Committee members may be re-elected upon expiry of their terms of office. A member of the Committee shall, ipso facto, cease to be a member when he/she is no longer a director of the Company. A member shall not be removed without cause before the expiration of his/her term, unless there is any circumstance that he/she shall not be in office in accordance with the laws, regulations, the Articles or these Terms.
- Clause 8 A Committee member may tender his/her resignation to the board of directors during his/her term of office by giving a written resignation to explain the reason for resignation and other matters which need to be brought to the attention of the board of directors. If the number of members will fall below the minimum number as provided herein, the resigning member shall continue to perform his/her duties until the appointment of a new member to fill his/her place.
- Clause 9 The Committee members may be changed during their terms of office if proposed by the chairman of the board of directors and approved by the board of directors.
- Clause 10 A member of the Committee may also hold membership of other special committees under the board of directors provided that he/she is able to perform his/her duties for the Committee as required.
- Clause 11 If the number of the Committee members falls below the minimum number as provided herein, the board of directors shall make up the shortfall in accordance with these Terms.
- Clause 12 The secretary's office of the board of directors (the "Board Secretary's Office")

- (4) to make recommendations to the board of directors on the remuneration of non-executive directors;
- (5) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
- (6) reviewing and approving the senior management's remuneration proposals with reference to the board of directors' corporate goals and objectives;
- (7) to review and approve the compensation payable to the executive director and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;
- (8) to review and approve the compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive; and
- (9) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.

Clause 14 Responsibilities of the chairman of the Committee include:

- (1) to convene and preside over regular and extraordinary meetings of the Committee;
- (2) to supervise and examine the performance and implementation of the resolutions of the Committee;
- (3) to sign the relevant documents of the Committee;
- (4) to report the work of the Committee to the board of directors;
- (5) to perform other duties as required or conferred by the laws and regulations, relevant regulatory requirements of the listing place(s) of the Company, such as the Hong Kong Listing Rules, these Terms and the board of directors.

Clause 15 Major responsibilities of a Committee member include:

- (1) to attend meetings of the Committee punctually, and express opinions on the matters discussed thereon and exercise voting rights at the meetings;
- (2) to propose matters for discussion at the meetings of the Committee;
- (3) to sit in on or observe relevant meetings of the Company to conduct studies and researches by obtaining reports, documents, materials and other relevant information necessary for the performance of his/her responsibilities;

- (4) to fully understand the responsibilities of the Committee as a whole and those as a member of the Committee, and acquaint himself/herself with the operation, management, business activities and development of the Company to ensure his/her capacity for the performance of responsibilities;
- (5) to guarantee that he/she has devoted sufficient time and attention to fulfil his/her responsibilities;
- (6) to perform other duties as required or conferred by the laws and regulations, relevant regulatory requirements of the listing place(s) of the Company, such as the Hong Kong Listing Rules, these Terms and the board of directors.

Clause 16 The Board Secretary's Office shall be responsible for gathering and providing the following information in order to facilitate the decision-making process of the Committee:

- (1) major financial indicators of the Company and achievement progress of the operating targets;
- (2) scope of duties and major responsibilities of the senior management of the Company;
- (3) fulfillment of performance evaluation indicators by the directors and senior management;
- (4) estimates used for the formulation of performance-based remuneration packages of the Company.

#### **Chapter 4 Meetings of the Committee**

Clause 17 Meetings of the Committee can be classified as regular meeting and extraordinary meeting.

Clause 18 The Committee shall hold at least one regular meetings every year, and the notice of the meeting shall be served to all members three days before such meeting.

Clause 19 The Committee may convene extraordinary meetings when necessary. In any of the following circumstances, the chairman of the Committee shall issue a notice to convene a meeting within three days:

- (1) in circumstances as deemed necessary by the board of directors;
- (2) in circumstances as deemed necessary by the chairman of the Committee;
- (3) when proposed by two or more members of the Committee.

Clause 20 The Board Secretary's Office shall issue the notice of meeting in writing to each of the Committee members and relevant persons being invited to attend the meeting three days prior to the date of the meeting (except in special circumstances where the requirement of a prior notice is exempted, provided that the chairman of the meeting shall provide explanation at the meeting). The notice of meeting shall contain information on the form, time, venue, duration and agenda of the meeting, time of issuance of the notice, name and contact information of the contact person of the meeting and other relevant information.

Clause 21 Upon receipt of the notice, all Committee members shall promptly provide confirmation and relevant replies (including but not limited to the confirmation of attendance and other arrangement) via a proper means.

Clause 22 All members of the Committee shall attend the meeting in person. If a member is unable to attend the meeting in person, such member shall, by signing and submitting a letter of proxy, authorize another member of the Committee to attend and express opinion at the meeting on his/her behalf. Such letter of proxy shall expressly state the scope and term of the authorization. Each member may appoint only one other member as his/her proxy to exercise the voting right on his/her behalf. Where a member authorizes two or more other members to exercise the voting right on his/her behalf, such authorization shall be invalid. In addition, no member shall accept any such authorization from two or more other members concurrently.

The members attending a meeting on behalf of another member shall exercise the rights within the scope of authorization. If a member does not attend a meeting in person or authorize another member to exercise the rights on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting, he/she shall be deemed to have waived his/her rights.

A member who is unable to attend a meeting in person may also exercise his/her rights by submitting in writing his/her opinion with respect to any matter on the meeting agenda, provided that such written opinion shall be submitted to the Board Secretary's Office before the meeting.

Clause 23 If a member does not attend a meeting in person or authorize another member to attend such meeting on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting on two consecutive occasions, or if such member fails to attend in person 3/4 of all meetings of the Committee held during any year, such member shall be deemed incapable of performing the duties of the Committee, and the board of directors may replace him/her in accordance with these Terms.

Clause 24 The quorum of a Committee meeting shall be the presence of at least two members. Meetings of the Committee shall be presided over by the chairman of the Committee, who may appoint another member to act on his/her behalf when he/she is unable to attend the meeting. If the chairman of the Committee neither performs his/her duties nor designates another member to act on his/her behalf, any member may report the same to the board of directors, and the board of directors shall appoint another member who is an independent non-executive director to perform the duties of the chairman.

## **Chapter 5 Procedures of Meetings**

Clause 25 Each member of the Committee shall have one vote. A resolution of the meeting shall be passed by a simple majority of the votes of all members. In the event that the meeting fails to reach a valid resolution due to abstention of any member, the relevant matter shall be considered directly by the board of directors.

- Clause 26 Meetings of the Committee shall be held in the form of on-site meetings in general, and voting shall be conducted by a show of hands or by poll. Under special circumstances, on the premise that the members of the Committee are able to sufficiently express their opinions, with the consent of the chairman of the Committee, meetings may be held by means of correspondence. Where a meeting is conducted by means of correspondence, the Committee members shall submit to the board of directors their written opinions with respect to the matters to be discussed within the period prescribed by the notice of the meeting.
- Clause 27 All items on the agenda shall be discussed during the meeting of the Committee, and the Committee members shall explicitly, independently and fully express their opinions based on their own judgment. In the case of any different opinions, such different opinions shall be stated in the meeting minutes to be presented to the board of directors.
- Clause 28 The Committee may invite directors, related senior management members and relevant experts of the Company, external experts, scholars, intermediary agencies and other persons to sit in on the meeting. Such persons being invited shall give explanation and elaboration on any issues as required by any Committee member.
- Clause 29 Where necessary, the Committee may, upon approval by the board of directors, seek for professional advices of external professional personnel or organizations. Any reasonable cost so incurred shall be borne by the Company.
- Clause 30 If a member of the Committee is interested in any matter being considered by the Committee, such member shall abstain from the discussion and voting of such matter.
- Clause 31 All persons attending the Committee meetings shall keep all matters discussed at the meetings confidential and shall not disclose any such information without authorization.

## **Chapter 6 Minutes and Summary of the Committee Meetings**

- Clause 32 Minutes shall be kept for all meetings of the Committee, which shall be prepared by the Board Secretary's Office and shall contain the following information:
- (1) serial number, form, date, venue and name of the chairman of the meeting;
  - (2) attendance of members in person or by proxy;
  - (3) name and title of each attendee;
  - (4) agenda of the meeting;
  - (5) main points made by the Committee members and other relevant attendees;
  - (6) name of the person taking minutes;

- (7) abstention of any interested member (if any), which shall be specified in the minutes or the relevant resolutions.

All Committee members present at the meeting shall sign the minutes.

- Clause 33 After each meeting of the Committee, the Board Secretary's Office shall prepare a meeting summary recording the considerations and discussions of the meeting. Copies of the meeting summary shall be submitted to the board of directors of the Company and sent to all Committee members, secretary to the board of directors, the human resources department of the Company and other relevant departments and persons.
- Clause 34 Meeting minutes, meeting summary, letters of proxy, written opinions of the members of the Committee and other materials of the meeting shall be kept by the Board Secretary's Office in accordance with relevant requirements.

## **Chapter 7 Supplementary Provisions**

- Clause 35 Unless otherwise stated, terms used in herein shall have the same meanings ascribed to them in the Articles.
- Clause 36 For any matter not covered in these Terms, or in the event of any contradiction with any laws, administrative regulations, normative documents, relevant regulatory requirements of the listing place(s) of the Company (such as the Hong Kong Listing Rules) or the Articles as amended under lawful procedures promulgated after these Terms become effective, such laws, administrative regulations and normative documents, relevant regulatory requirements of the listing place(s) of the Company (such as the Hong Kong Listing Rules) and the Articles shall prevail. Amendments to these Terms shall be made forthwith and submitted to board of directors for approval.
- Clause 37 These Terms have been considered and approved by the board of directors and shall become effective and applicable from the date on which the shares of the Company are first issued and listed in Hong Kong.
- Clause 38 The rights of interpretation and amendment of these Terms shall be vested in the board of directors of the Company.
- Clause 39 These Terms are available in both Chinese and English. In case of discrepancy, the Chinese version shall prevail.