



Hebei Haiwei Electronic New Material Technology Co., Ltd.

河北海偉電子新材料科技股份有限公司

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

(Stock Code: 9609)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS

CHAPTER 1 GENERAL PROVISIONS

Article 1 To further establish and refine the appraisal and remuneration management rules for the directors and senior management of Hebei Haiwei Electronic New Material Technology Co., Ltd. (hereinafter referred to as the “Company”), and to improve the corporate governance structure, the Company has hereby established the Remuneration Committee of the Board of Directors and formulated these terms of reference in accordance with the provisions of the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) and other relevant laws, administrative regulations, departmental rules, regulatory documents, and the Articles of Association of Hebei Haiwei Electronic New Material Technology Co., Ltd. (hereinafter referred to as the “Articles of Association”) and the Rules of Procedures for the Board of Directors of Hebei Haiwei Electronic New Material Technology Co., Ltd.

Article 2 The Remuneration Committee is a specialized working organization established by the Board of Directors in accordance with the Articles of Association. It is mainly responsible for researching the appraisal standards and conducting appraisals of the Company’s directors and senior management officers, and responsible for researching and reviewing the remuneration policies and plans for the Company’s directors and senior management officers. The Remuneration Committee is responsible for and reports to the Board of Directors.

Article 3 The directors mentioned in these terms of reference refer to the chairman and vice-chairman of the Board and directors who receive remuneration from the Company, but do not include independent non-executive directors; senior management officers refer to the manager, deputy manager, chief financial officer, secretary to the Board of Directors who are appointed by the Board of Directors and other senior management officers who are recognized by the Board of Directors.

CHAPTER 2 COMPOSITION OF PERSONNEL

Article 4 The Remuneration Committee shall comprise three directors, the majority of whom shall be independent non-executive directors.

Article 5 The members of the Remuneration Committee shall be nominated by the chairman of the Board of Directors, one half or more of the independent non-executive directors, or one third or more of all directors, and be elected by a majority vote of the Board of Directors.

Article 6 The Remuneration Committee has a committee chairman, who is an independent non-executive director, and he/she is responsible for presiding over the work of the committee and shall be elected by a majority vote of the Board of Directors.

Article 7 The term of office of the members of the Remuneration Committee shall be the same as that of the directors, and the term of the members shall the same as that of the directors of the same session. A member of the committee may serve consecutive terms if re-elected upon the expiry of his/her term of office. During the term of office, if any member no longer serves as a director of the Company or a member who should have the status of an independent non-executive director no longer has the independence stipulated in the Articles of Association, such person will automatically lose his/her membership qualification and the Board of Directors will make up for the number of committee members in accordance with Articles 4 to 6 above.

Article 8 The Remuneration Committee shall have a working group set up under it, which is a daily operation organization, specifically responsible for providing information on the Company's operations and the relevant information about the appraised personnel, organizing the meetings of the Remuneration Committee and implementing the relevant resolutions of the Remuneration Committee. The members of the working group are not required to be members of the Remuneration Committee.

CHAPTER 3 DUTIES AND POWERS

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

- (I) to make recommendations to the Board of Directors on the policy and structure for all directors' and senior management officers' remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy based on the major responsibilities, scope, importance, time commitment, and the remuneration levels for relevant positions in society, as well as other necessary factors;

- (II) Remuneration plans or proposals mainly include, but are not limited to, performance evaluation standards, procedures and primary evaluation systems, major plans and systems for rewards and punishments, etc., and should include non-monetary benefits, pension rights and compensation amounts (including compensation for loss or termination of office or appointment);
- (III) to review and approve the management's remuneration proposals with reference to the Board of Directors' corporate goals and objectives;
- (IV) to make recommendations to the Board of Directors on the remuneration packages of individual executive directors and senior management (this should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment);
- (V) to make recommendations to the Board of Directors on the remuneration of non-executive directors;
- (VI) to take into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (VII) to study the evaluation standards for directors and senior management officers and make recommendations to the Board of Directors, review the performance of duties by the Company's directors (excluding independent non-executive directors) and senior management officers and conduct their annual performance appraisals;
- (VIII) to 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, failing which, it shall be fair and reasonable and not excessive;
- (IX) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms, failing which, they shall be reasonable and appropriate;
- (X) to ensure that no director or any of his/her associates may participate in determining his/her own compensation;
- (XI) to be responsible for the supervision of the implementation of the remuneration provisions of the Company and regularly reviewing the relevant remuneration policies;

- (XII) to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules;
- (XIII) Other matters authorized by the Board of Directors.

Article 10 The Remuneration Committee shall be accountable to the Board of Directors and proposals of the Remuneration Committee shall be submitted to the Board of Directors for deliberation and decision.

Article 11 The remuneration plan for the Company's directors proposed by the Remuneration Committee must be reported to and approved by the Board of Directors, and then submitted to the general meeting of shareholders for review and approval before implementation; the remuneration distribution plan for the Company's senior management officers must be reported to the Board of Directors for approval before implementation.

Article 12 The Remuneration Committee shall make available the terms of reference explaining its role and the authority delegated to it by the Board of Directors on the website of The Stock Exchange of Hong Kong Limited and the Company's website.

Article 13 The Remuneration Committee shall be provided with sufficient resources to perform its duties.

Article 14 The Board of Directors shall have the right to overrule any remuneration plans or packages that may prejudice the interest of shareholders.

Article 15 The Company shall disclose in its annual report its policy on directors' remuneration, details of remuneration of senior management and other matters related to remuneration by the level of remuneration.

CHAPTER 4 DECISION-MAKING PROCESS

Article 16 The working group under the Remuneration Committee is responsible for making preliminary preparation work for decision-making by the Remuneration Committee and providing information on the following relevant aspects of the Company:

- (I) the completion status of the Company's major financial indicators and operating indicators;
- (II) the division of labor of the Company's senior management and their respective main duties;
- (III) the progress in achieving the targets considered in the appraisal system of performance of directors and senior management;

- (IV) the operational performance pertaining to the business innovation capabilities and profit-making capabilities of directors and senior management;
- (V) the information on the drafting of the relevant estimating basis in relation to the Company's remuneration allocation plan and the way of allocation based on the performance of the Company.

Article 17 The Remuneration Committee shall evaluate the performance of directors and senior management officers in accordance with the following procedures:

- (I) The Company's directors and senior management shall report work and make self-evaluation to the Remuneration Committee under the Board of Directors;
- (II) The Remuneration Committee shall evaluate the performance of directors and senior management in accordance with the performance evaluation standards and procedures;
- (III) The Remuneration Committee shall make proposals on the amount of remuneration and the method of rewards for the directors and senior management officers according to the performance assessment results of their positions and the remuneration distribution policy for voting and approval before submission to the Board of Directors of the Company.

Article 18 When necessary, the Remuneration Committee may engage an intermediary to provide professional advice, with reasonable expenses arising therefrom to be borne by the Company.

CHAPTER 5 RULES OF PROCEDURE

Article 19 Remuneration Committee meetings shall be classified into regular meetings and extraordinary meetings. Regular meetings of the Remuneration Committee shall be convened at least once a year, and shall be notified to all members five days before the date of the regular meeting. The meeting shall be convened and presided over by the committee chairman. If the committee chairman is unable to perform his/her duties, he/she may appoint another member (an independent non-executive director) to convene and preside over the meeting.

An extraordinary meeting of the Remuneration Committee shall be notified to all members two days before convening the meeting. The aforesaid notice period may be waived under unanimous consent of all members.

The means of notification include personal delivery, fax, letter, e-mail, telephone, etc.

Article 20 A notice of meeting of the Remuneration Committee shall include at least the following:

- (I) time and location of the meeting;
- (II) duration of the meeting;
- (III) agenda to be discussed at the meeting;
- (IV) contact person and contact information of the meeting;
- (V) date of notification of the meeting.

If the notification is made by telephone, it shall contain at least the contents as set out in items (I) and (II) above, and a written record must be prepared and the meeting documents must be dispatched to all members before the meeting.

Article 21 Meetings of the Remuneration Committee may be held in the form of on-site meetings and conduct voting by registered ballot. With the unanimous consent of all members, the meeting may be convened by video, telephone or written submission and pass resolutions.

Article 22 A meeting of the Remuneration Committee shall be held only by the presence of more than two-thirds of the members (including the members who have appointed other members in writing to attend the meeting on their behalf). Each committee member shall have one vote. A resolution made at the meeting must be passed by more than half of all the members.

Article 23 If a member of the Remuneration Committee appoints another member to attend the meeting and exercise voting rights on his/her behalf, he/she shall submit a power of attorney to the chairman of the meeting. The power of attorney shall state the name of the proxy, matters to be handled by the proxy, the scope of authorization and the validity period, and shall be signed or sealed by the appointer. If any voting matter is involved, the appointer shall clearly express his/her consent, objection or abstention on each matter in the power of attorney. Members shall not make or accept an appointment of proxy without voting intention, an appointment with full discretion or an appointment with unclear scope of authorization. A valid power of attorney shall be submitted to the chairman of the meeting no later than the voting at the meeting.

Article 24 Any member of the Remuneration Committee who does not attend the meeting in person or appoint another member to attend on his/her behalf shall be deemed as having not attended the relevant meeting. If a member of the Remuneration Committee fails

to attend two consecutive meetings and has not appointed other members to attend on his/her behalf, he/she is deemed to be unable to perform his/her duties and powers properly, and the Board of Directors may remove him/her from his/her position as a member.

Article 25 Upon completion of voting by the members at a meeting, the voting results of each member shall be collected and counted in a timely manner. If the meeting is held on-site, the chairman of the meeting shall announce the voting results on the spot; if voting is conducted at an off-site meeting, the chairman of the meeting shall notify all committee members in writing of the voting results within three days after expiration of the voting time limit.

Article 26 Members of the working group may attend the meeting of the Remuneration Committee as non-voting delegates, and directors and senior management officers of the Company may be invited to attend the meeting as non-voting delegates, if necessary.

Article 27 A member of the Remuneration Committee shall abstain from discussing resolutions related to him/her at the meetings of the Remuneration Committee.

Article 28 The procedures for convening the meeting of the Remuneration Committee, the voting method and the remuneration policy and distribution plan adopted at the meeting must comply with the provisions of the relevant laws, administrative regulations, other regulatory documents, the Hong Kong Listing Rules, the Articles of Association and these terms of reference.

Article 29 Minutes of the Remuneration Committee meetings shall be kept. The first draft and final version of the minutes of meetings shall be dispatched to all members present at the meeting within a reasonable period of time after the meeting for expression of opinions on the first draft and for record purpose with the final version, and members who have attended the meeting shall sign on the minutes of meeting; the minutes of meetings shall be kept by the secretary to the Board of Directors of the Company, and shall be kept for at least 10 years during the existence of the Company.

Article 30 Proposals and voting results adopted at the meetings of the Remuneration Committee shall be reported to the Board of Directors of the Company in writing.

Article 31 Members attending the meeting and persons attending the meeting as non-voting delegates are obligated to keep confidential the matters discussed at the meeting and shall not disclose the relevant information without authorization.

CHAPTER 6 ANNUAL GENERAL MEETING

Article 32 The chairman of the committee is required to attend the annual general meeting of the Company and be prepared to answer any questions raised by shareholders in relation to the affairs of the Remuneration Committee.

Article 33 If the chairman of the committee is unable to attend the annual general meeting of the Company, he/she must make arrangement for another committee member to attend the meeting. Such person shall be prepared to answer questions raised by shareholders regarding the work of the committee at the annual general meeting.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

Article 34 Unless otherwise specified, the terms used herein shall have the same meaning ascribed thereto under the Articles of Association.

Article 35 The term “above” mentioned in these terms of reference includes the original number; “within” includes the original number; “exceeds” and “less than” do not include the original number.

Article 36 Any matters not covered by these terms of reference shall be dealt with in accordance with the relevant provisions of the laws, administrative regulations, departmental rules and other normative documents, as well as the Hong Kong Listing Rules, Articles of Association, resolutions of the Company’s general meetings or other relevant rules and regulations; if these terms of reference are inconsistent with the provisions of the relevant laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association as amended by legal procedures, the provisions of the relevant laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association shall prevail for implementation.

Article 37 The Board of Directors shall be responsible for the formulation and amendment of these terms of reference, as well as their interpretation.

Article 38 These terms of reference, after being considered and approved by the Board of Directors of the Company, shall take effect from the date of listing and trading of the overseas listed foreign shares (H Shares) on The Stock Exchange of Hong Kong Limited upon initial public offering of the Company for implementation.