

# **Flat Glass Group Co., Ltd.**

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

### **Chapter 1 General Provisions**

**Article 1** In order to further establish a sound system of remuneration and evaluation management for director (the Director) and senior management of Flat Glass Group Co., Ltd (hereinafter referred to as the Company or the Company), establish restraint-incentive scheme of the Director and senior management and perfect the Company's governance structure. The Company has established a remuneration committee of the board of director (the Board) (hereinafter referred to as the Remuneration Committee) and formulated the implementation rule in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the Company Law), Code of Corporate Governance for Listed Companies, Measures for the Administration of Independent Director of Listed Company, Rules Governing the Listing of Securities on Shanghai Stock Exchange (hereinafter referred as Shanghai Stock Exchange Listing Rules), Self-Regulatory Guideline for Listed Companies of Shanghai Stock Exchange No. 1 Standardized Operation, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred as Listing Rules of Stock Exchange), the Article of Association of Flat Glass Group Co., Ltd (hereinafter referred to as the Article of Association) and other relevant regulation.

**Article 2** The Remuneration Committee of the Board is a specialized working body established under the Board. It is mainly responsible for formulating the assessment standard of the Company's Director and senior management and performing assessment. It is also responsible for formulating and reviewing the remuneration policies and plans of the Company's Director and senior management. The committee reports to the Board and shall be accountable to the Board.

**Article 3** For the purpose of the exercise, an reference to Director( ) represent all Director of the Company, and an reference to senior management represent the president, deputy president, secretary to the Board, chief financial officer and other senior management staff nominated by the general manager and approved by the Board.

### **Chapter 2 Composition**

**Article 4** The Remuneration Committee shall comprise three Directors, a majority of whom shall be independent non-executive Directors.

**Article 5** Member of the Remuneration Committee shall be nominated by the chairman of the Board, or more than one-half of the independent non-executive Directors or more than one-third of all the Directors, and shall be elected and appointed by the Board.

**Article 6** The Remuneration Committee shall have one chairman, who shall be acted by an independent non-executive director member, shall be responsible for convening and presiding over the committee, and shall be determined by the Board.

**Article 7** The term of office of the Remuneration Committee shall be the same as that of the Board. A member of the Remuneration Committee may be re-elected if reelected upon the expiration of his/her term.

If an member resigns from the position of director of the Company during his/her term of office, he/she shall ipso facto and immediately cease to hold the position of committee member. The vacancy shall be filled by the Board within three months in accordance with Article 4 to 6 above.

**Article 8** Where the number of members is less than the required number of members of the Remuneration Committee due to the resignation or removal of a member or other reason, the Board of the Company shall nominate one candidate for a member in accordance with applicable law, regulation and other relevant requirements. Before the number of members reaches the required number of the Remuneration Committee, the Remuneration Committee shall suspend the exercise of the duties and powers provided in the charter.

**Article 9** The human resources department of the Company shall be responsible for the daily affairs of the Remuneration Committee, and the secretary to the Board shall be responsible for the affairs of the meetings of the Remuneration Committee.

### **Chapter 3 Terms of Reference**

**Article 10** The Remuneration Committee of the Board of the Company is primarily responsible for establishing the assessment criteria for Directors and senior management and conducting assessments. It is also responsible for formulating and reviewing the remuneration policies and schemes for Directors and senior executives. Its main responsibilities include:

- (1) the remuneration of Directors and senior management:
  - (i) formulating remuneration policies, plans or schemes based on the main scope, responsibilities and importance of the management positions of the Directors and senior management, and the remuneration levels of similar positions in other enterprises, and should make recommendations to the Board;
  - (ii) the remuneration policies, plans or schemes mainly include but not limited to performance evaluation criteria and procedures, the main evaluation items, and the principal plan and items regarding incentives and penalties;
  - (iii) conducting due diligence assessments and annual performance appraisals of the Directors (non-independent Directors) and senior management of the Company and recommending rewards and punishments;

- (2) the formulation or change of the share incentive scheme, the employee share ownership plan, interest granted to an participant and the condition for exercise of right ;
- (3) the shareholding plan arranged by Director and senior management in the proposed spin-off of subsidiaries ;
- (4) overseeing the implementation of the remuneration system of the Company ;
- (5) reviewing and approving the management's proposal on remuneration based on the corporate goal and objective set by the Board;
- (6) making recommendation to the Board for the remuneration package of individual executive Director and senior management, including benefit in kind, pension right and compensation payment (including an compensation payable for loss or termination of their office or appointment);
- (7) making recommendation to the Board on the remuneration of non-executive Director ;
- (8) considering the remuneration package, time commitment, scope of responsibility of similar companies and other employment term of other positions within the Group;
- (9) reviewing and approving the compensation payable due to executive Director and senior management for an loss or termination of office or appointment, so as to ensure that such compensation is consistent with the contractual term ; if such compensation is not consistent with the contractual term , ensuring that it is reasonable and appropriate and not excessive ;
- (10) reviewing and approving compensation arrangement relating to the dismissal or removal of Director for misconduct or the like, so as to ensure that such arrangement are consistent with the contractual term ; if such compensation is not consistent with the contractual term , ensuring that it is reasonable and appropriate;
- (11) ensuring that no Director or his/her associate (as defined under the Listing Rules of Stock Exchange) is involved in the determination of his/her remuneration;
- (12) in respect of an service agreement to be entered into between an member of the Group and its director or proposed director, to review and provide recommendation to the shareholder of the Company (other than shareholder(s) who is/are director(s) with a material interest in the relevant service agreement and their respective associate) as to whether the term of the service agreement are fair and reasonable and whether such service agreement are in the interest of the Company and the shareholder as a whole, and to advise shareholder on how to vote;

(13) formulating, managing and approving the share incentive scheme for the Director, senior and senior management of the Company, and reviewing the qualification of person, condition for grant and condition for exercising the right under the share incentive scheme;

(14) other matters authorized by the Board or stipulated by laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's share are listed, and the Articles of Association.

If the Board has not adopted or fully adopted the recommendation of the Remuneration Committee, it shall state the opinion of the Remuneration Committee and the specific reason for not adopting in the resolution of the Board, and disclose each matter.

**Article 11** The Board shall be entitled to reject the remuneration policies, plans or schemes that prejudice the interests of shareholders.

**Article 12** The remuneration policies and plans for the Director of the Company proposed by the Remuneration Committee shall be approved by the Board and submitted to the general meeting for approval before implementation. The remuneration distribution plan for the senior management of the Company shall be reported to the Board for approval.

**Article 13** The performance assessment standard, procedure and main assessment item for the Director formulated by the Remuneration Committee shall be reported to the general meeting for approval after consideration by the Board of the Company, and the performance assessment standard, procedure and main assessment item for the senior management formulated by the Remuneration Committee shall be implemented after approval by the Board of the Company.

**Article 14** The share incentive scheme formulated by the Remuneration Committee shall be approved by the Board and the general meeting of the Company, and reported to the China Securities Regulator Commission for filing according to laws.

**Article 15** Members of the Remuneration Committee shall follow up the work and remuneration of the Director and senior management of the Company, and when necessary, make inquiries with the Director and senior management of the Company about their work, and they shall answer each question.

**Article 16** Members of the Remuneration Committee shall conduct a early review on whether the decision-making procedure for remuneration of Director and senior management are complying with rules, based on reasonable grounds and in the interests of the Company and all shareholders and whether the content disclosed in the annual report on the remuneration of Director and senior management is consistent with the reality, and issue the review report and submit it to the Board.

**Article 17** The Remuneration Committee shall have the right to submit proposals to the Board. The Remuneration Committee shall prepare proposals or reports for the resolution, suggestion or recommendation at the meeting and submit them to Board for consideration.

The Remuneration Committee shall exercise its duties and powers in accordance with relevant provisions under the Company Law, the Articles of Association and the Charter and shall not infringe the interests of the Company and shareholders.

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

**Article 18** The Remuneration Committee shall be responsible for the preliminary preparation work for the Board on remuneration and appointment decisions, and provide information including but not limited to the following aspects:

## Chapter 5 Procedural Rules

**Article 20** The Remuneration Committee shall convene at least one meeting per annum and shall notify all its members three days prior to the meeting. The meeting shall be chaired by the chairman of the Remuneration Committee. Where the chairman of the Remuneration Committee is unable to attend, he/ she may authorize another independent non-executive director member to preside over the meeting.

**Article 21** Meetings of the Remuneration Committee may only be convened with the presence of more than two-thirds of its members. Each member shall have one vote. Resolution of the meeting shall be passed by more than one-half of all the members of the committee voting in favour.

**Article 22** Members of the Remuneration Committee shall attend meetings in person and express opinion on matters under consideration. In the event that a member is unable to attend the meeting in person for any reason, the member may submit a power of attorney signed by him or her and appoint another member to attend the meeting and express opinion on his/ her behalf. If an independent non-executive director member is unable to attend the meeting for any reason, he/ she shall review the meeting material in advance to form explicit advice, appoint another independent non-executive director member to attend on his/ her behalf. Each member could be entrusted by no more than one member at one time. The power of attorney shall specify the scope and duration of authorization.

**Article 23** Votes at the meetings of the Remuneration Committee shall be made by a show of hands or by poll or by other voting method recognized by regulator authority (ie) of the place where the shares of the Company are listed. The meeting shall be convened on site in principle. Provided that all Directors can fully express their opinion at the meeting, each meeting can be held by means of video, telephone, or other method when necessary.

**Article 24** The Director, senior officer and other senior management of the Company may be invited to attend meetings of the Remuneration Committee, where necessary.

**Article 25** Where necessary, the Remuneration Committee may engage intermediate agencies to provide professional advice for its decision-making at the expense of the Company.

**Article 26** The convening procedure of, and voting method and resolution passed at, meetings of the Remuneration Committee shall comply with the requirements of the relevant laws, regulations, the Articles of Association and the Charter.

**Article 27** The Remuneration Committee shall keep minutes for its meetings. Members of the committee present at each meeting and meeting recorder shall sign the minutes. The minutes shall be kept by the secretary to the Board of the Company for a period of not less than ten years.

**Article 28** Members attending and present at a meeting shall be obliged to keep confidential all matters discussed in each meeting, and shall not disclose any relevant information without authorization before public disclosure by the Company.

## Chapter 6 Supplementary Provisions

**Article 29** Any matter not defined in the articles or inconsistent with relevant laws, administrative regulations, normative documents, regulatory rules of the place where the Company has branches are listed and the Articles of Association, the relevant laws, administrative regulations, normative documents, the regulatory rules of the place where the Company has branches are listed and the Articles of Association shall prevail first.

**Article 30** The term above under the articles includes, but not exceeding its exclusion.

**Article 31** The Board of the Company is responsible for interpreting the articles. The articles shall take effect after reviewed and approved by the Board, including the amendment.

**Article 32** If there is an inconsistency between the English and Chinese version of the articles, the Chinese version shall prevail.