

AUNTEA JENNY (SHANGHAI) INDUSTRIAL CO., LTD.

TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to further establish a comprehensive appraisal and remuneration system for directors and senior management of the Company and improve its corporate governance structure, the Company has established the remuneration and appraisal committee of the board of directors and formulated these terms of reference 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 (hereinafter referred to as the "Hong Kong Listing Rules"), the Articles of Association of Auntea Jenny (Shanghai) Industrial Co., Ltd. (hereinafter referred to as the "Articles of Association") and other relevant regulations.

Article 2 The remuneration and appraisal committee is a specialized working body established by the board of directors, primarily responsible for formulating and reviewing the remuneration policies and packages of the directors and senior management of the Company, the formulation the appraisal criteria for the directors and senior management of the Company and the conduct of appraisal thereof, and shall be accountable to the board of directors.

Article 3 Directors referred herein refer to the chairman and directors who receive remuneration from the Company; and senior management refers to the general manager, the deputy general manager, chief financial officer, the secretary of the board of directors and other senior management as required by the Articles of Association.

Article 4 The provisions of the Company Law, the Hong Kong Listing Rules and the Articles of Association in relation to the obligations of the directors apply to members of the remuneration and appraisal committee.

CHAPTER 2 COMPOSITION

Article 5 The remuneration and appraisal committee shall consist of at least three directors and a majority of whom shall be independent non-executive directors.

Article 6 Members of the remuneration and appraisal committee shall be nominated by the chairman of the board of directors, a simple majority of the independent non-executive directors, or more than one-third of all directors, and shall be elected by the board of directors.

Article 7 The remuneration and appraisal committee shall have a chairman, who shall serve as the convener and shall be an independent non-executive director and responsible for taking charge of the work of the committee. The election of the chairman shall be approved by the board of directors.

Article 8 A member of the remuneration and appraisal committee shall have a term of office consistent with the term of the board of directors and shall be eligible for re-election on the expiry on his/her term. Where a member ceases to be a director of the Company, he/she will automatically cease to be qualified as a member of the committee, and the casual vacancy shall be filled by the person elected by the committee in accordance with Articles 5 to 7 above.

Article 9 The remuneration and appraisal committee may set up a working group dedicated to providing information about the operations of the Company and relevant information about the appraisees. The working group shall be also responsible for preparing the meetings of the remuneration and appraisal committee and implementing the relevant resolutions of the remuneration and appraisal committee.

CHAPTER 3 DUTIES AND AUTHORITY

Article 10 The remuneration and appraisal committee is responsible for formulating the appraisal criteria for directors and senior management and conducting appraisal, formulating and reviewing the remuneration policies and plans for directors and senior management, including the remuneration determination mechanisms, decision-making procedures, payment and clawback arrangements, as well as making recommendations to the board of directors on the following matters:

- (1) remuneration for directors and senior management;
- (2) formulation or amendment to equity incentive plans and employee stock ownership plans, including the achievement of conditions for incentive participants to obtain or exercise the interests;
- (3) arrangements for shareholding plans for directors and senior management in proposed spin-off of subsidiaries;
- (4) other matters stipulated by laws, administrative regulations, CSRC, the regulations of the stock exchange where the shares of the Company are listed, and the Articles of Association.

Where the board of directors does not adopt or fully adopt the recommendations of the remuneration and appraisal committee, the resolution of the board of directors shall record the opinion of the remuneration and appraisal committee and the specific reasons for non-adoption, and such information shall be disclosed.

Article 11 The board of directors shall have the right to veto any remuneration plan (package) and share incentive scheme that goes against shareholders' interests.

Article 12 The remuneration plan and share incentive scheme for directors of the Company proposed by the remuneration and appraisal committee shall be approved by the board of directors and submitted to a shareholders' meeting for consideration and approval before implementation; the remuneration plan for senior management of the Company shall be submitted to the board of directors for approval.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 13 The working group under the remuneration and appraisal committee shall be responsible for the preparation work at an early stage in relation to the decision-making of the remuneration and appraisal committee and provide the following information of the Company:

(1) information on the fulfillment of key financial indicators and business objectives of the Company;

(2) information on the scope of work and the major responsibilities of senior management of the Company;

(3) information on the fulfillment of indicators in the performance appraisal system for directors and senior management;

(4) information on the operational performance of directors and senior management in terms of the capability in business innovation and profit generation;

(5) basis for relevant measurement adopted in the formulation of remuneration distribution plans and distribution methods of the Company according to the performance of the Company.

Article 14 The appraisal procedures of the remuneration and appraisal committee for directors and senior management are as follows:

(1) directors and senior management of the Company shall report on job duties to the remuneration and appraisal committee of the board of directors and conduct self-assessment;

(2) the remuneration and appraisal committee shall conduct performance appraisals on directors and senior management in accordance with the performance appraisal standards and procedures;

(3) the amount of remuneration and method of reward for directors and senior management shall be proposed according to the job performance appraisal results and remuneration distribution policy and reported to the board of directors after being approved by voting;

(4) the proposal on the amount of remuneration and method of reward for the directors shall be submitted by the board of directors to a shareholders' meeting for approval. When the board of directors or the remuneration and appraisal committee assesses the performance of an individual director or discusses his/her remuneration, such director shall abstain from voting.

CHAPTER 5 SYSTEM OF MEETINGS

Article 15 The remuneration and appraisal committee shall hold at least one regular meeting every year and notify all members 5 days before the meeting. The meeting shall be presided over by the chairman, or where the chairman is unable to attend the meeting, he/she may appoint another member to preside over it.

If the chairman of the remuneration and appraisal committee fails to perform his/her duties or designate other members to perform on his/her behalf, any of the members may report to the board of directors, and the board of directors shall designate a member to perform the duties of the chairman of the remuneration and appraisal committee.

Extraordinary meetings shall be convened by the members of the remuneration and appraisal committee and notice of which shall be given to all members three days before the meeting, and given at any time in case of emergency.

Article 16 The quorum of a meeting of the remuneration and appraisal committee shall be more than two-thirds of the members. Members of the remuneration and appraisal committee may attend the meeting in person or appoint another member in writing as their proxy to attend and vote at the meeting on his/her behalf.

If a member of the remuneration and appraisal committee appoints another member to attend to and exercise voting rights at the meeting on his/her behalf, he/she shall submit a power of attorney to the chairman of the meeting, and the power of attorney shall specify the scope of authorization. The power of attorney shall be delivered to the chairman of the meeting no later than a vote is taken at the meeting.

If a member of the remuneration and appraisal committee fails to attend the meeting in person or appoints other members to attend the meeting on his/her behalf, he/she shall be deemed as absent from the relevant meeting.

If a member of the remuneration and appraisal committee fails to attend the meeting for two consecutive times, such member shall be deemed to have failed to perform his/her duties properly, and may be removed from his/her office as member of the committee by the board of directors.

Article 17 At the meetings of the remuneration and appraisal committee, voting shall be made by show of hands or by poll; while extraordinary meetings may be convened by means of correspondence voting.

Every member shall have one vote, and resolutions made at the meetings shall be passed by a simple majority of the members.

A meeting of the remuneration and appraisal committee may be convened by way of a written circular signed by all members. Written proposals shall be dispatched by fax, courier or by hand or other methods to all committee members. Committee members shall return the original copies to the Company for filing after casting vote on the proposals. A proposal signed by consenting members satisfying the number of votes required hereunder shall become an effective resolution of the committee.

Article 18 The remuneration and appraisal committee may invite directors and senior management of the Company to attend the meeting as non-voting members where necessary.

Article 19 The remuneration and appraisal committee may engage intermediaries to provide professional advice for its decision-making where necessary at the expense of the Company.

Article 20 Where a member is related to the proposal being discussed at meeting of the remuneration and appraisal committee, he/she shall abstain from discussion.

Where the number of members attending the meeting is less than the quorum specified in these terms of reference after the interested members abstain from voting, all members (including the interested members) shall resolve procedural issues, including submitting the proposal to the board of directors for consideration. Such proposal shall be considered by the board of directors.

Article 21 Procedures for convening and voting methods of meetings of the remuneration and appraisal committee and the remuneration policies and distribution plans approved thereat shall be in compliance with requirements of the relevant laws, regulations, listing rules of the stock exchange where the shares of the Company are listed, the Articles of Association and these terms of reference.

Article 22 The remuneration and appraisal committee shall keep meeting minutes, which shall record the matters considered and the resolutions passed at the meetings in detail, including any doubts or objections raised by the members, and shall be circulated to every member for review and confirmation. The meeting minutes shall be signed by the members attending the meetings and the minute taker. Committee members attending the meeting shall have the right to request inclusion of explanations in the minutes regarding the views they have expressed at the meeting. If a committee member has any comments or objections regarding the minutes, they may choose not to sign but should submit their written opinions to the secretary of the board of directors within the stipulated timeframe. If the errors or omissions in the records are confirmed to be true, the secretary of the board of directors shall make corrections, and the committee member shall sign the revised minutes.

The minutes of the remuneration and appraisal committee are retained as company records by the secretary of the board of directors. During the term of the Company, the retention period is ten years.

Article 23 The resolutions passed at the meeting and the poll results of the meeting of the remuneration and appraisal committee shall be reported to the board of directors of the Company in writing.

Article 24 Members present at meetings shall be obliged to keep all matters discussed at the meetings confidential and shall not disclose the relevant information without authorization.

CHAPTER 6 ABSTENTION FROM VOTING

Article 25 Where a member of the remuneration and appraisal committee has an interest of conflict, directly or indirectly, in respect of any matter discussed at the meeting, such member shall abstain from voting on the relevant proposals.

Where the number of members attending the meeting is less than the quorum specified in these terms of reference after the interested members abstain from voting, all members (including the interested members) shall resolve on procedural issues including submitting the proposal to the board of directors for consideration. Such proposal shall be considered by the board of directors.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

Article 26 These terms of reference have been considered and approved by the board of directors and shall take effect from the date of the initial public offering of H Shares of the Company and its listing on The Stock Exchange of Hong Kong Limited.

Article 27 For matters not covered by these terms of reference, they shall be executed in accordance with the requirements of relevant laws and regulations of the PRC, the listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association. In case that these terms of reference are in conflict with the laws and regulations promulgated by the PRC from time to time, the listing rules of the stock exchange where the shares of the Company are listed or the Articles of Association amended through lawful procedures, the requirements of relevant laws and regulations of the PRC, the listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association shall prevail, and the terms of reference shall be amended immediately and submitted to the board of directors for consideration and approval.

Article 28 The rights of interpretation of these terms of reference shall be vested in the board of directors.

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