

# **IMPLEMENTATION RULES FOR THE REMUNERATION AND ASSESSMENT COMMITTEE OF THE BOARD OF DIRECTORS OF SHANDONG CHENMING PAPER HOLDINGS LIMITED**

(Approved by the 8th meeting of the 10th session of the Board of Directors on March 28, 2024)

## **CHAPTER 1 GENERAL PROVISIONS**

Article 1 In order to establish a sound system of assessments and remunerations for Directors (excluding non-independent Directors, similarly hereinafter) and senior management of Shandong Chenming Paper Holdings Limited (the “Company”), and improve the corporate governance structure, and in accordance with The Company Law of the People’s Republic of China, Guidelines for Corporate Governance of Listed Companies, the Articles of Association, the relevant rules governing the listing of securities or shares of the stock exchanges where the shares of the Company are listed (including but not limited to The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and Shenzhen Stock Exchange) (collectively, the “Listing Rules”) and other relevant provisions, the Company sets up the Remuneration and Assessment Committee of the Board and formulates the implementation rules (the “Rules”).

Article 2 The Remuneration and Assessment Committee of the Board is a specific body set up by the Board pursuant to a resolution of the shareholders’ general meeting. It is mainly responsible for formulating standards for appraising Directors and senior management of the Company; formulate and review the policies for and proposals on the remuneration of Directors and senior management of the Company. The committee shall be accountable to the Board.

Article 3 Directors mentioned in the Rules refer to the Directors who receive remuneration from the Company, and the senior management refers to the general manager, the deputy general manager, chief financial officer, secretary of the Board employed by the Board and other senior management employed by the Board.

## **CHAPTER 2 COMPOSITION**

Article 4 The Remuneration and Assessment Committee shall comprise three (3) Directors, of whom two (2) shall be independent non-executive Directors.

Article 5 Members of the Remuneration and Assessment Committee shall be nominated by Chairman of the Board, more than half of the independent non-executive Directors or one-third of all Directors, and shall be elected by the Board.

Article 6 The Remuneration and Assessment Committee shall have a chairman (convener) who shall be an independent non-executive Director and be responsible for leading the work of the committee. The chairman of the committee shall be elected from the members, subject to the approval of the Board.

Article 7 The term of office of the Remuneration and Assessment Committee shall be the same as that of the Board. A member of the Remuneration and Assessment Committee may serve consecutive terms if re-elected upon the expiration of his term. If any member resigns from the position of Director during his term of office, he shall automatically lose the position of committee members, the vacancy shall be filled by the committee in accordance with provisions of Articles 4 to 6 above.

Article 8 The Remuneration and Assessment Committee shall establish a working unit under the Human Resource Department, which shall assign work for the working unit. The Securities Investment Department shall assist the working unit. The working unit shall specifically be responsible for providing information on the business operation of the Company and the relevant information of the persons to be appraised. The working unit shall also be responsible for preparation of meetings and implementation of relevant resolutions of the Committee.

### **CHAPTER 3 FUNCTIONS AND POWERS**

Article 9 The Remuneration and Assessment Committee of the Board of the Company is responsible for formulating standards for appraising Directors and senior management of the Company, formulate and review the policies for and proposals on the remuneration of Directors and senior management and make recommendations to the Board for the following matters:

- (1) Remuneration of Directors and senior management, including non-monetary income, pension and compensation etc.;
- (2) Formulation or changes of incentive option schemes and employee option schemes, grant of entitlements to scheme participants, and fulfillment of exercise conditions;
- (3) Arrangement of option schemes at subsidiaries proposed to be spin-off for Directors and senior management;
- (4) To make recommendations to the Board on the policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (5) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (6) To make recommendations to the Board on the remuneration of non-executive Directors;
- (7) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (8) To review 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 and is otherwise fair and not excessive;
- (9) To review compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (10) To ensure that no Director or any of their associates is involved in deciding that Director's own remuneration;

- (11) To review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange; and
- (12) Other matters required by the laws, regulations, CSRC, the Articles of Association and the Listing Rules, and authorized by the Board.

If recommendations of the Remuneration and Assessment Committee are not adopted or fully adopted by the Board, the opinion of the Remuneration and Assessment Committee and the specific reasons thereof shall be recorded in the resolutions of the Board and disclosed accordingly.

Article 10 The Board has the right to reject remuneration plans or proposals contrary to the interests of the shareholders.

Article 11 The remuneration plan for the Directors of the Company proposed by the Remuneration and Assessment Committee shall be approved by the Board and submitted to the shareholder's general meeting for approval before implementation. The remuneration plan for the senior management of the Company shall be reported to and approved by the Board.

#### **CHAPTER 4 PROCEDURES OF DECISION MAKING**

Article 12 The working unit under the Remuneration and Assessment Committee is responsible for the preliminary preparations for decision making of the committee, and providing relevant information of the Company:

- (1) to provide information on the Company's fulfillment of its main financial and business objectives;
- (2) to provide information on the division of work and main duties of the Company's senior management;
- (3) to provide information on fulfillment of targets involved in the work performance assessment system of Directors and senior management;
- (4) to provide information on the business initiatives and profit-making ability of Directors and senior management in business operation;
- (5) to provide basis of assessment in formulating the Company's remuneration distribution plans and methods pursuant to the results of the Company.

Article 13 The procedures for appraising Directors and senior management adopted by the Remuneration and Assessment Committee:

- (1) The Directors and senior management shall report their work and make self-assessments to the Remuneration and Assessment Committee of the Board;
- (2) The Remuneration and Assessment Committee shall carry out performance assessment of the Directors and senior management according to the performance assessment standards and procedures;
- (3) A proposal on the amount of remuneration and method of reward for the Directors and senior management based on the results of work performance assessments and remuneration distribution policy shall be, after a voting in its favour, reported to the Board.

## **CHAPTER 5 ORDER OF PROCEEDINGS**

Article 14 Committee members shall be given not less than five days' prior notice before the convening of a Remuneration and Assessment Committee meeting. Meetings shall be chaired by the chairman of the committee. If the chairman cannot attend the meeting, he may appoint another member (independent non-executive Director) to chair the meeting.

Article 15 Meetings of the Remuneration and Assessment Committee shall be convened only with the presence of more than two thirds of the members. Each member has one vote. A resolution shall be decided by a majority of votes.

Article 16 Remuneration and Assessment Committee meetings shall principally be held on site. A meeting may be convened by way of video conferencing, telephone, or other means in accordance with the procedures if necessary, provided that all attending members can fully communicate and express their opinions.

Article 17 Directors, supervisors and other senior management of the Company may be invited to attend meetings of the Remuneration and Assessment Committee if necessary.

Article 18 If necessary, the Remuneration and Assessment Committee may engage an intermediary institution to provide professional opinions on its decision at the costs of the Company.

Article 19 In the event of any meeting of the Remuneration and Assessment Committee discussing matters relating to members of the committee, the member(s) involved shall abstain from attending such meeting.

Article 20 The procedures for convening a meeting, the method of voting and the resolutions passed at the meetings of the Remuneration and Assessment shall comply with the provisions of governing laws, regulations, Articles of Association and the Rules.

Article 21 The Remuneration and Assessment Committee shall keep minutes of the meetings. Members present at the meetings shall sign the minutes of the meetings that shall be kept by the secretary to the Board of the Company.

Article 22 Proposals passed and voting results at meetings of the Remuneration and Assessment Committee shall be reported in writing to the Board of the Company.

Article 23 Members present at meetings shall keep all matters discussed in such meetings confidential, and shall not disclose relevant information without authorization.

## **CHAPTER 6 SUPPLEMENTARY ARTICLES**

Article 24 The Rules shall be put on trial implementation on the date when the relevant resolution is passed by the Board.

Article 25 Any matters not covered by the Rules shall be implemented in accordance with the provisions of governing national laws and regulations, the Listing Rules and the Articles of Association of the Company. If the Rules contravene any future laws and regulations, the Listing Rules or the amended Articles of Association of the Company, implementation shall be in accordance with the provisions of the relevant laws and regulations of China and the Articles of Association of the Company, and the rules shall be amended promptly and reported to the Board for examination and approval.

Article 26 The power of interpretation of the Rules is vested in the Board of the Company.

**Board of Directors of Shandong Chenming Paper Holdings Limited**  
March 28, 2024