

DEKON FOOD AND AGRICULTURE GROUP TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS

Chapter I General

Article 1 In order to further establish and optimise the appraisal and remuneration management system for the Directors and senior management of Dekon Food and Agriculture Group (the “**Company**”) and improve the corporate governance structure of the Company, the Company has established the Remuneration Committee (the “**Committee**”) of the board of Directors (the “**Board**”) and formulated these terms of reference in accordance with the relevant requirements and other laws, regulations, and regulatory documents of local and overseas regulations for listed companies, including the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Guidelines on the Articles of Association of Listed Companies, the Rules Governing the Listing of Securities for The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), and the Articles of Association of Dekon Food and Agriculture Group (the “**Articles of Association**”).

Article 2 The Committee is a dedicated body established by the Board pursuant to the Articles of Association and shall, within its scope of authorities, formulate remuneration plans, performance appraisal systems, and incentive plans for Directors and senior management, and make recommendations to the Board. The Committee shall be accountable to the Board.

The senior management referred to in these terms of reference refer to the general manager, deputy general manager(s), chief financial officer, secretary to the Board, and other senior management members recognised by the Board.

Chapter II Composition

Article 3 The Committee shall consist of three Directors, over half of whom shall be independent non-executive Directors.

Article 4 The members and the chairman of the Committee shall be nominated by the chairman of the Board, more than half of the independent non-executive Directors, or more than one-third of all the Directors for election by the Board.

Article 5 The Committee shall have a chairman, who shall be an independent non-executive Director and responsible for presiding over the work of the Committee.

Article 6 The term of office of the Committee shall be consistent with that of the Board. A member of the Committee may serve consecutive terms if re-elected upon the expiry of his/her term of office. If a member ceases to be a Director of the Company or a member who should have a status of an independent non-executive Director no longer possesses the independence as stipulated in the Articles of Association during his/her term of office, his/her membership in the Committee shall lapse automatically, and the vacancy shall be filled up by the Board in accordance with Articles 3 to 5 above.

Article 7 The Committee shall have a working group which is dedicated to providing information on the Company's operations and the relevant information of the personnel being appraised, and to preparing for meetings of the Committee and implementing the resolutions passed by the Committee.

Chapter III Duties and Authority

Article 8 The principal duties and authority of the Committee are to determine the criteria for the selection and appointment, remuneration plans, and assessment criteria of Directors and senior management, and to conduct appraisal and make recommendations, which shall at least include:

- (I) reviewing and examining the remuneration policy and structure for Directors and senior management based on the corporate policies and objectives formulated by the Board, positions, duties, and scope of work of the Directors and senior management, and with reference to the remuneration for similar positions in the same region, in the same industry or offered by competitors, and making recommendations to the Board on the establishment of formal and transparent procedures for developing remuneration policy;
- (II) examining the performance of the Directors and senior management of the Company and conducting annual appraisals of their performance, and, based on such appraisals, coming up with annual remuneration plans and further incentives or punishment plans and submitting those to the Board for consideration, and overseeing the implementation of the aforementioned plans;
- (III) evaluating the remuneration system of the Company and reviewing and overseeing its implementation;
- (IV) making recommendations to the Board on remuneration packages of individual executive Directors and senior management, including non-pecuniary benefits, pension rights and compensation payments (including any compensation payable for loss or termination of office or appointment);
- (V) making recommendations to the Board on the remuneration of non-executive Directors;
- (VI) constantly supplementing and amending the remuneration system and structure according to the development of the market and the Company;
- (VII) considering salaries paid by comparable companies, time commitment, and responsibilities and employment terms of other positions within the Group;
- (VIII) reviewing and approving the compensation payable to executive Directors and senior management for any loss or termination of their office or appointment to ensure that it is consistent with the contractual terms; such compensation should be fair and reasonable and not excessive if it is not consistent with the contractual terms;

- (IX) reviewing and approving compensation arrangements in relation to dismissal or removal of Directors for misconduct to ensure that such arrangements are consistent with the contractual terms; such compensation should be reasonable and appropriate if it is not consistent with the contractual terms;
- (X) ensuring that no Directors or his/her associate(s) is involved in determining his/her own remuneration;
- (XI) reviewing and/or approving the matters relating to the share schemes under Chapter 17 of the Hong Kong Listing Rules;
- (XII) explaining to the shareholders about the remuneration of Directors and senior management; and
- (XIII) other duties as stipulated in the Articles of Association and other matters authorised by the Board.

Article 9 The Committee may engage an external expert or intermediary to provide professional consulting services, when necessary, and any reasonable expenses so incurred shall be borne by the Company.

Chapter IV Decision-making Procedures

Article 10 The working group shall be responsible for the preparation for the meetings of the Committee, and shall compile and provide relevant written materials, mainly including:

- (I) progress of achieving the key financial indicators and operation objectives of the Company;
- (II) scope of work and major duties of senior management of the Company;
- (III) extent to which the performance targets set out under the performance appraisal system have been achieved by the Directors and senior management of the Company;
- (IV) operational performance of business innovation and profit generation capabilities of the Directors and senior management of the Company;
- (V) the basis for the calculation of the Company's remuneration allocation plan and allocation method based on the performance of the Company; and
- (VI) other documents or information as may be necessary for the fulfilment of the duties of the Committee.

Articles 11 The procedures for the Committee's appraisal of Directors and senior management are as follows:

- (I) the Directors, supervisors and senior management of the Company shall give work report and self-evaluation to the Committee;
- (II) the Committee conducts performance appraisal on Directors and senior management in accordance with the performance appraisal standards and procedures; and
- (III) according to the job performance appraisal results and the remuneration distribution policy, the remuneration amount and reward method for Directors and senior management are proposed, and then reported to the Board after passing by voting.

Chapter V Rules of Procedures

Article 12 The Committee shall convene at least one meeting each year and notify all members three days in advance of the meetings. A meeting shall be convened and presided over by the chairman. If the chairman is unable to attend the meeting, he/she may entrust another member (who shall be an independent non-executive Director) to convene and preside over the meeting.

Article 13 A meeting of the Committee must be attended by more than two-thirds of the members (including the members who have entrusted other members to attend the meeting in writing); each member shall have one vote. A resolution of the meeting shall be passed by more than half of the members.

Article 14 Voting at meetings of the Committee shall be taken by a show of hands; an extraordinary meeting may be held by communication voting.

Article 15 The Committee may invite other Directors, supervisors, and senior management of the Company to attend such meetings when necessary.

Article 16 In the event that the discussion at a meeting of the Committee is related to a member of the Committee, such member shall withdraw from the discussion.

Article 17 The procedures for convening meetings, voting and adopting of remuneration policy and distribution plan at a meeting shall comply with the relevant laws, regulations, the Articles of Association, the Hong Kong Listing Rules, and these terms of reference.

Article 18 The Committee shall keep minutes of the meetings, which shall be signed by members of the Committee attending the meeting, and shall be kept by the company secretary.

Article 19 Resolutions and voting results passed at a meeting of the Committee shall be reported in writing to the Board.

Article 20 All members present at a meeting are obliged to keep confidential the matters discussed at the meeting and shall not disclose relevant information without authorisation.

Chapter VI Supplementary Provisions

Article 21 Unless otherwise specified, the terms used herein shall have the same meaning ascribed thereto under the Articles of Association. These terms of reference are written in Chinese. If there is any inconsistency between the English and Chinese versions of these terms of reference, the Chinese version shall prevail.

Article 22 These terms of reference shall take effect from the date of issuance and listing of the Company's H Shares after being approved by the Board.

Article 23 For any matters not covered by these terms of reference, the relevant laws and regulations of the PRC, the Hong Kong Listing Rules and the Articles of Association shall apply. In the event that these terms of reference contravene any future PRC laws, regulations promulgated, Hong Kong Listing Rules, and the Articles of Association as amended under legal procedures, the relevant laws and regulations of the PRC, the Hong Kong Listing Rules and the Articles of Association shall prevail. In such event, these terms of reference shall be amended immediately and submitted to the Board for consideration and approval.

Article 24 These terms of reference shall be formulated, amended and interpreted by the Board.

Dekon Food and Agriculture Group
Board of Directors