

# **XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.**

## **Working Rules for the Remuneration and Appraisal Committee of the Board**

(Approved and became effective at the first meeting in 2008 of the Second Session of the Board of Directors of the Company on 30 July 2008, and amended for the fourth time at the first meeting in 2013 of the Third Session of the Board of Directors of the Company on 16 January 2013)

### **CHAPTER I GENERAL PROVISIONS**

- Article 1 These rules are formulated by Xinhua Winshare Publishing and Media Co., Ltd. (the “Company”) in accordance with the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies in China, the SSE Listing Rules and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (collectively referred to as the “Listing Rules”) and other applicable laws, regulations as well as provisions of the Articles of Association of Xinhua Winshare Publishing and Media Co., Ltd. (the “Articles of Association”), to improve its corporate governance structure and regulate the appraisal and remuneration management system.
- Article 2 The Remuneration and Appraisal Committee (the “Committee”) under the board of directors is a special organ established by the board of directors, which shall provide advice or recommendation for decision making and hold responsibility for and report to the board of directors.
- Article 3 The Committee is established for the purpose of reviewing and assessing the construction and operation of the Company’s remuneration and performance system, and enabling the Company to formulate the remuneration and appraisal policy in respect of the Directors, senior management and key management personnel in a more open and objective manner.
- Article 4 These rules shall be applicable to the Committee and the relevant personnel and departments relating thereto.

### **CHAPTER II MEMBERSHIP**

- Article 5 The members of the Committee shall be appointed by the board of directors (the “Board”) of the Company from the Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors (the “INEDs”). The constitution of the Committee shall comply with the requirements of the Listing Rules.
- Article 6 The convener (the “Convener”) of the Committee shall be appointed by the Board and shall be a member of the Committee and an INED.
- Article 7 Members of the Committee shall be nominated by the Chairman of the Board or one-third of all the Directors, and shall be elected by more than half of all the members of the Board.

Article 8 The term of office of the member shall be identical to that of the Director of the Company. Upon expiry of the term of office, the member may serve successive terms if he/she is re-elected as the Director of the Company. If any member ceases to be a Director of the Company during his/her term of office, he/she shall automatically cease to be a member of the Committee, and the Board shall elect a successor as soon as possible.

On the recommendation of the Chairman of the Board and discussion of the Board, adjustment shall be made to the members of the Committee during the term of office.

### **CHAPTER III ATTENDANCE AT MEETINGS**

Article 9 Under all circumstances, the Chairman must be informed of all meetings of the Committee. The Chairman may attend all meetings of the Committee, except where his remuneration packages or benefits are to be discussed at the meeting.

Article 10 More than two-thirds of the members must be present at the meeting and at least two Directors who are members of the Committee must attend the Committee meeting, so as to form the quorum of the meeting.

Article 11 Directors, Supervisors, General Manager and other senior management may be invited by the Committee to attend the Committee meetings, if appropriate, except where their remuneration packages or benefits are to be discussed at the meeting.

Article 12 Where necessary, the Committee may invite personnel of the human resources department and other person-in-charge from relevant departments or professionals to attend the meetings of the Committee to give advice to its members, including but not limited to external professional advisers, the expenses of which shall be borne by the Company.

Article 13 The secretary to the Board shall be the secretary of the Committee who shall attend all meetings of the Committee.

Article 14 Meetings of the Committee shall be held in the form of on-site meetings. Members of the Committee may participate in a meeting of the Committee by means of telephone conference or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Article shall constitute presence in person at such meeting. In case of urgency, the meeting of the Committee may be held by means of correspondence voting.

Article 15 Members of the Committee shall attend the meetings in person. Members of the Committee who, due to certain reasons, are unable to attend the meeting in person shall review the meeting materials in advance and form a clear opinion, and may appoint another member in writing to attend on his/her behalf.

Article 16 If any member of the Committee fails to attend meetings in person or by proxy for two (2) consecutive times, the Board shall replace the said member.

Article 17 Each member has one (1) vote. All attending members are to vote for or against proposals or abstain from voting. In case of an equality of votes, the Convener of the Committee shall be entitled to an additional vote.

Article 18 Any Committee member has to select one of the above choices. If any member does not make any choice or selects two or more choices, the Convener of the Committee shall require the member to make his/her choice again, or else the member is deemed to have abstained from voting. Any member who has left the meeting without making any choice is deemed to have abstained from voting. A resolution proposed at a meeting of the Committee shall be passed by more than half of all members.

Article 19 A member who is connected with any proposal to be resolved at the meeting of the Committee (as defined under the Listing Rules, as amended from time to time) may not vote, in person or as proxy of another member, on such proposal.

Article 20 Committee members attending the meeting shall be obliged to keep all matters considered at the meeting confidential and shall not disclose relevant information in an unauthorized manner.

#### **CHAPTER IV FREQUENCY OF MEETINGS**

Article 21 Meetings shall be held not less than once each year. The Convener or any members of the Committee may request to convene a meeting if they consider necessary and upon receipt of such request, the Secretary of the Committee shall make relevant arrangement as per the Convener's instructions to convene the meeting.

#### **CHAPTER V COMMITTEE'S RESOLUTIONS**

Article 22 A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee. Such resolution may be signed in counterparts, consisting of several documents in the same form each signed by one or more of the members of Committee, all of which shall be deemed as the only and same written resolution. Such resolution may be signed and circulated by fax or other electronic communications. For the avoidance of doubt, this Article is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

#### **CHAPTER VI AUTHORITIES AND PURPOSES**

Article 23 The Committee has been authorized by the Board to review, assess and make recommendations on any matters relating to its terms of reference.

Article 24 The Committee shall use internal and publicly available information to ensure the competitiveness of the Company's basic salary with that of the prevailing market, and shall compare with other companies with similar size, nature and scope of business to ensure the competitiveness of the overall remuneration package/benefits of the Company.

Article 25 The Committee is established for the purpose of enabling the Company to determine the remuneration of the Chairman, Executive Directors, senior management and key management personnel in a more open and objective manner.

- Article 26 The Committee is an independent and fair committee, which shall review and make recommendations on the remuneration packages and benefits of the Chairman, Executive Directors, senior management and key management personnel. The Committee shall not hold any financial interest in relation to the proposed remuneration packages and/or benefits. The Committee must from time to time consider and take full account of the performance of the Chairman, Executive Directors, senior management and key management personnel, the interests of the shareholders of the Company, the financial position of the Company and market conditions. No Director shall be entitled to determine his/her own remunerations.
- Article 27 The Committee shall ensure the Chairman, Executive Directors, senior management and key management personnel, on the basis of the contributions made by them to the Company, are provided with fair remuneration and appropriate incentives to enable them to maintain outstanding performance, among which, the majority of the remuneration of the Executive Directors shall be linked to the performance of the Company and their individual performance.
- Article 28 The Committee has been authorized by the Board to obtain external legal or other independent professional advices with all reasonable fees to be borne by the Company. The Committee shall also ensure that external professionals with the relevant experience to attend meetings when it considers necessary.
- Article 29 The Committee shall consult with the Chairman and/or general manager of the Company for their approval of the proposed remunerations of other Executive Directors, senior management and key management personnel. Where necessary, the Committee may also obtain professional advices and the expenses shall be borne by the Company.
- Article 30 The Committee shall be provided with sufficient resources to fulfill its duties.

## **CHAPTER VII DUTIES**

- Article 31 The duties of the Committee include the followings:
- (1) to evaluate and review the establishment or implementation of the overall remuneration and performance system of the Company, to assess, review and make recommendations to the Board on the remuneration packages of Directors, senior management and key management personnel and their overall interests on an annual basis or when necessary.
  - (2) to make recommendations to the Board on all consultation agreements and service contracts entered into by the Company with any Directors, senior management or key management personnel, or any companies associated with them, including any changes, revisions or modifications.
  - (3) to consider the disclosure of any particulars in the annual reports and accounts of the Company in respect of the remuneration/benefits of the Chairman, Directors, senior management and key management personnel in addition to those required by laws, and examine the way of presenting the information.

- (4) to make recommendations to the Board in respect of the corporate remuneration of all Directors, senior management and key management personnel and the corporate structure, as well as the establishment of a formal and transparent system to implement such remuneration policies, as authorized by the Board. The Committee shall also make recommendations to the Board on an on-going basis in respect of the total remuneration and/or benefits of the Directors.
- (5) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries (collectively the “Group”).
- (6) to study the assessment criteria for the Directors, senior management and key management personnel, to review and approve the performance-based remunerations by reference to the corporate policy of the Board and the Company’s goals from time to time.
- (7) the Committee may, by adopting one of the following two options, determine or recommend the remuneration package of individual Executive Director and Management:
  1. to fix the remuneration of individual Executive Directors and Management as delegated by the Board; or
  2. to make recommendations to the Board on the remuneration packages of individual Executive Directors and Management.

These shall include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

- (8) to make recommendations to the Board on the remunerations of Non-executive Directors.
- (9) to review and approve the compensation arrangements to Executive Directors, senior management and key management personnel in connection with any loss or termination of their office or appointment of such Executive Directors, senior management and key management personnel, and ensure such arrangements are determined in accordance with the relevant contractual terms or to be fair and reasonable and not excessive for the Company otherwise.
- (10) to review and approve the compensation arrangements for the Directors, senior management and key management personnel in connection with any dismissal or removal for misconduct of such Directors, senior management and key management personnel, and ensure such arrangements are determined in accordance with the relevant contractual terms or to be fair and reasonable otherwise.
- (11) to ensure that no Directors, senior management and key management personnel or any of their respective associates shall determine their own remuneration.

- (12) the Committee shall provide advice to the shareholders on how to vote on any directors' service contracts which require shareholders' approval in accordance with the requirements of Rule 13.68 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- (13) to ensure that adequate retirement arrangements for the Chairman, Executive Directors, senior management and key management personnel are in place and maintained continuously to reflect the performance of the Chairman, Executive Directors, senior management and key management personnel.
- (14) to ensure that the Company is able to provide and maintain an overall competitive and attractive remuneration and benefits, which enables the Company to recruit and retain high-caliber management and Board members.
- (15) to exercise other powers and functions of the Committee as authorized by the Board.
- (16) to comply with any requirement, regulation and policy that may from time to time be amended by the Board and any provisions, regulations and policies of the Articles of Association, Listing Rules or applicable laws.
- (17) to ensure the Convener of the Committee or (in the absence of the Convener) another Committee member on his behalf or (in the absence of such other member) an authorized Committee representative to attend the annual general meeting of the Company to answer relevant questions.

## **CHAPTER VIII REPORTING PROCEDURES**

- Article 32 The Committee shall report to the Board. At the next Board meeting following the Committee meeting, the Convener of the Committee shall report the findings and recommendations of the Committee to the Board.
- Article 33 Full minutes of Committee meetings shall be kept by the Secretary of the Committee.
- Article 34 Copies of the minutes of meetings of the Committee shall be provided by the Secretary of the Committee to the Board.

## **CHAPTER IX AVAILABILITY OF AND UPDATE ON THE TERMS OF REFERENCE**

- Article 35 Upon approval by the Board, these rules will be effective from the date of the listing of the A Shares issued by the Company on the Shanghai Stock Exchange.
- Article 36 For matters not covered by these rules, they shall be implemented in accordance with the requirements of relevant laws and regulations, the Listing Rules, the Articles of Association and the Board Meeting Rules which shall prevail over these rules in case of any inconsistencies between them, and these rules shall be amended immediately and reported to the Board for consideration and approval.
- Article 37 These rules shall be construed and amended by the Board.