

HOTAI Finance Corporation

Remuneration Committee Charter

2020.3.18

2020.11.11

Article 1 (Purpose and reference)

The Company for the sound compensation system of directors, supervisors, and managers has the Compensation Committee Charter (referred to as the “Committee Charter” hereinafter) regulated for compliance in accordance with Article 3 of the “Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Exchange or Traded over the Counter” (referred to as the “Regulations Governing Compensation Committee” hereinafter).

Article 2 (Scope of application)

The rights and responsibilities of the Company’s Compensation Committee (referred to as “the Committee” hereinafter), unless otherwise provided by law and regulations or the Articles of Incorporation, should be processed in accordance with the Compensation Committee Charter.

Article 3 (Notice for future reference)

The Company shall place the contents of the Compensation Committee Charter on the Company’s website and MOPS for reference.

Article 4 (Committee functions)

The function of the Compensation Committee includes assessing the compensation policy and system of the directors, supervisors, and managers professionally and objectively and making suggestions to the Board for reference in its decision-making.

Article 5 (Committee formation)

The Committee shall consist of three members appointed by resolution of the board of directors. A majority of the members shall serve as independent directors.

The professional qualifications and degree of independence of the members of the Committee shall meet the requirements set out in Articles 5 and 6 of the Regulations.

Article 6 (The office term and Committee reelections)

The term of the Committee members shall be the same as that of the board of directors by whom they were appointed.

When a member of the Committee is dismissed for any reason, resulting in there being less than three members, a board meeting to make a new appointment shall be held within 3 months from the date of occurrence. In the event that an independent director is dismissed and there is no other independent director, the Corporation may appoint someone who is not qualified to act as independent director to be a member of the Committee until the appointment of an independent director at a by-election as required, and the independent director elected in the by-election will be appointed after the by-election.

Article 7 (Scope of responsibilities)

The Compensation Committee should perform the following duties loyally in good faith and make suggestions to the Board for discussion. But for the supervisor’s compensation proposed to the Board for discussion, it is limited to the supervisor’s compensation prescribed in the Company’s Articles of Incorporation or resolved in the shareholders’ meeting to have it arranged by the Board of Directors:

1. Regularly review the Compensation Committee Charter with amendments proposed.
2. Regulate and regularly review the performance evaluation of the Company’s directors, supervisors, and managers, the compensation policy, system, standard, and structure.
3. Regularly assess the compensation of the Company’s directors, supervisors, and managers. The Compensation Committee is to perform the job responsibilities referred to above in accordance with the following principles:

1. Ensure that the Company's compensation arrangement complies with the relevant laws and regulations and sufficient enough to attract the best talents.
2. For the performance evaluation and compensation of directors, supervisors, and managers, the compensation standard of the industry should be considered; also, the factors of personal performance, the Company's compensation philosophy, operating performance, and future related risks should be reasonable.
3. Do not encourage directors and managers to conduct business in a way beyond the tolerable risk of the Company for the pursuit of compensation.
4. For the percentage of short-term performance bonus to directors and managers and the timing of paying variable compensation should be determined by referring to the industrial characteristics and the Company's business nature.

The compensation referred to in the last two paragraphs includes cash compensation, stock options, bonus and shareholding, retirement pension or leave benefits, various allowances, and other substantial incentive. The scope of the compensation is consistent with the compensation to directors, supervisors, and managers that is documented in the Annual Reports of the public companies.

If the compensation of the subsidiary's directors and managers is subject to the review and approval of the Company according to the subsidiary's level of authorization, it should be proposed by the Compensation Committee for the discussion of the Board of Directors.

Article 8 (Meeting in session and convention)

Meetings of the Committee shall be held at least twice a year. In convening a meeting of the Committee, a notice setting forth the subjects to be discussed at the meeting shall be given to each member at least 7 days in advance. In emergency circumstances, however, the meeting may be convened on shorter notice.

One of the independent directors shall be elected by all members of the Committee as the convener and meeting chair. If the convener takes leave or is unable to convene a meeting for any reason, the convener shall appoint another independent director on the Committee to act in his or her place. If there is no other independent director on the Committee, the convener shall appoint another Committee member to act on his or her behalf. If the convener does not make such an appointment, a member of the Committee shall be elected by and from among the other members on the Committee to serve as convener.

Article 9 (Agenda)

The meeting agenda is scheduled by the convener. The other members of the Committee may also offer motions for discussion. Meeting agenda should be forwarded to the Committee members in advance.

The Company should have the attendance registry ready for the signature of the attending Compensation Committee members and for records.

Compensation Committee members shall attend the meeting in person; however, they may attend the meeting by proxy if they are unable to attend for reasons. Committee members who have participated in a video conference shall be deemed as attending the meeting in person.

The Committee members who have attended the meeting by the representative should issue a proxy each time and with the scope of authorization detailed for the meeting subjects.

The proxy referred to in Paragraph 3 is limited to one representative only.

Article 10 (Resolutions)

When a committee member has a personal stake in the matter under discussion at the committee meeting, that member shall undertake to disclose the significant content of the stake in the meeting, and where there is a likelihood that the interests of the Company may be impaired, may not participate in the discussion or voting of the matter and shall recuse himself or herself when the matter is being discussed or resolved, as well as not exercising the voting rights as proxy on behalf of another committee member.

The resolution of the Compensation Committee is reached with the majority vote. The motion resolved by the Chairman's consulting the attending members without dissent is deemed as

passed and with the same effect as voting.

The results of voting shall be announced at the meeting and documented for records.

Article 11 (Minutes of meeting)

The minutes of Committee meeting convened must be prepared with the following matters documented in details:

1. Meeting term, time, and place;
2. Name of the Chairman;
3. Member attendance, including name of Chairman, on leave, and absentee, and number of persons;
4. Name and title of the attendees;
5. Name of the clerk;
6. Reporting matters;
7. Discussions: For each proposal, the method of resolution and the result; a summary of the comments made by the committee members at the meeting; the name of any committee members who is an interested party as referred to in Article 10; an explanation of the name of committee member, the critical part of personal interest matter, the status of the recusal; and any objections or reservations expressed by the committee members;
8. Motions: The name of the mover; the method of resolution and the result for each motion; a summary of the comments of the Independent Director members of the Committee and experts and other persons present at the meeting; the name of any Committee members who is an interested party as referred to in Article 10; an explanation of the name of Committee member, the critical part of personal interest matter, the status of the recusal; and any objections or reservations expressed;
9. Other important matters

The attendance registry of the Committee is an integral part of the minutes of meeting. For the Committee meeting held by a video conference, the related audio and video data is an integral part of the minutes of meeting.

The minutes of meeting must be signed or sealed by the Chairman and the clerk, distributed to all Committee members in 20 days after the Committee meeting adjournment, and should be reported to the Board of Directors, classified as an important file of the Company, and reserved for five years. The preparation and distribution of the minutes of meeting can be processed in an electronic form.

For the litigation filed involving the matters related to the Committee before the expiry of the reservation period, the related video or audio data must be reserved until the end of the proceedings.

Article 12 (Meeting resolutions handling)

The Committee may authorize the convener or the other Committee members for the subsequent implementation of the matters that were resolved in accordance with Article 7 or the specialists commissioned in accordance with Article 13 Paragraph 2, with a written report issued throughout the execution period, when necessary, and to be presented at the next Committee meeting for ratification or reporting.

Article 13 (Resources for exercising powers)

The Committee may invite the Company's directors, department head and personnel, internal auditors, CPA, attorney, or other individuals to attend the meeting and to provide necessary information, provided that they shall leave the meeting when deliberation or voting takes place. The Committee may resolve to appoint an attorney, CPA, or other professional to provide necessary audit or advisory service on matters relating to the exercise of powers at the expense of the Company.

Article 14 (Implementation)

The Compensation Committee Charter is implemented with the approval of the Board of Directors, so is the amendment.