

HUABAO INTERNATIONAL HOLDINGS LIMITED
(“Company”)
TERMS OF REFERENCE OF
REMUNERATION COMMITTEE (“Committee”)

(Revised and approved by the Board on 16 December 2022)

1. Principle

This Committee is established under the board of directors (“**Board**”) pursuant to the requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purposes of regulating the employment of senior management staff, optimizing the composition of the Board, establishing a vigorous remuneration system and evaluation system for the directors and senior management, and enhancing the corporate governance system.

2. Membership

- 2.1 Members of the Committee shall be appointed by the Board and shall consist of at least three directors, the majority of whom should be independent non-executive directors. Any Committee member who resigns as a director of the Company shall become disqualified as the member of the Committee, and the Board shall appoint new member to fill the vacancy.
- 2.2 The chairman of the Committee (the “**Committee Chairman**”) shall be appointed by the Board and shall be an independent non-executive director. In the absence of the Committee Chairman, the remaining members present shall elect one of the members to chair the meeting. The Committee has the same term as the Board. Member of the Committee is eligible to be re-appointed upon expiry of term. The Company’s human resources department takes the lead and coordinates with relevant departments to provide necessary information regarding the Company’s operation management and personnel data to the Committee for approval, and to ensure that no director or any of his associates is involved in determining his own remuneration.
- 2.3 The company secretary of the Company shall act as the Committee’s secretary. The Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Committee.

3. Frequency of Meetings

- 3.1 The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands.
- 3.2 The Committee Chairman may also convene additional meetings at his discretion.
- 3.3 The quorum of a meeting shall be two Committee members.

4. Notice of Meetings

- 4.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members.

HUABAO INTERNATIONAL HOLDINGS LIMITED
(“Company”)
TERMS OF REFERENCE OF
REMUNERATION COMMITTEE (“Committee”)

4.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend at least 7 days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate at least 3 days in advance of the meeting.

5. Authority

5.1 The Committee is empowered by the Board to perform its duties under the terms of reference.

5.2 The Committee is authorized by the Board to seek independent professional advice. If necessary, external parties with relevant experience and professional knowledge can be invited as consultants or to attend any meetings, at the Company’s expense.

5.3 Every Committee member is entitled to one vote. A resolution shall be passed by a simple majority of votes.

5.4 The duties of the Committee include the following:

- (a) making recommendations to the Board on the Company’s policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration (shall consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere within the group);
- (b) reviewing the management’s proposals to the remuneration policy of executive director and senior management, and making recommendations to the Board;
- (c) reviewing and approving the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- (d) making recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, share option, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (e) making recommendations to the Board on the remuneration of non-executive directors;
- (f) reviewing and approving 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 subject to relevant law, fair and not excessive;
- (g) reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise lawful, reasonable and appropriate;

HUABAO INTERNATIONAL HOLDINGS LIMITED
(“Company”)
TERMS OF REFERENCE OF
REMUNERATION COMMITTEE (“Committee”)

- (h) ensuring that no director or any of his/her associates is involved in deciding his own remuneration;
- (i) doing any such things to enable the Committee to discharge its powers and functions conferred on it by the Board. Also, upon invitation by the chairman of the Board, the Committee Chairman or when he/she is absent, another Committee member or his/her authorized representative, will answer questions at the Company’s annual general meeting;
- (j) the Committee is subordinate and accountable to the Board. The Board has the ultimate right to decide whether to adopt the Committee’s recommendations;
- (k) Conforming to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company’s constitutional document(s) or imposed by legislation; and
- (l) forming a view in respect of directors’ service contracts that require shareholders’ approval and advising shareholders as to whether the terms are fair and reasonable, advising whether such contracts are in the interests of the issuer and its shareholders as a whole and advising shareholders (other than connected shareholders and shareholders with a material interest in the service contracts and their associates) on how to vote.

6. Minutes of the Meetings

- 6.1 Full minutes and written resolutions of the Committee meetings shall be kept by the secretary of the Committee.
- 6.2 The secretary of the Committee shall send the draft and final versions of minutes or, as the case may be, the written resolutions to all members of the Committee within a reasonable time after the meeting or before the passing of the written resolutions. Draft version is for members’ comments; the final version is for record purpose.
- 6.3 The secretary of the Committee shall archive all minutes of the Committee meetings held during each year, as well as record the individual attendance of Committee members, on a named basis, at meetings held during each year.

7. Powers of the Board

- 7.1 The Board may, subject to compliance with the constitutional document(s) of the Company and the Listing Rules (including the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules or if adopted by the Company, the Company’s own code on corporate governance practices), amend, supplement and revoke these terms of reference and the resolution(s) passed by the Committee at any time provided that no amendments to and revocation of these terms of reference and the resolution(s) passed by the Committee shall invalidate any prior act and resolution(s) of the Committee which would have been valid if such terms of reference or resolution(s) had not been amended or revoked;

HUABAO INTERNATIONAL HOLDINGS LIMITED
(“Company”)
TERMS OF REFERENCE OF
REMUNERATION COMMITTEE (“Committee”)

- 7.2 To review and/or approve matters relating to share option schemes under Chapter 17 of the Listing Rules; and
- 7.3 To consider and implement other matters as defined or assigned by the Board or otherwise required by the Listing Rules from time to time.

8. Reporting Procedures

- 8.1 The Committee shall report to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.