

# Zhejiang Shibao Company Limited

(the "Company")

## Terms of Reference of Remuneration Committee

### 1. Membership

- 1.1 Members of the remuneration committee (the "**Committee**") shall be appointed by the board of directors (the "**Board**") of the Company. The Committee shall have at least three (3) directors.
- 1.2 A majority of members of the Committee shall be independent non-executive director (the "**INED**").
- 1.3 The Chairman of the Committee shall be acted by an INED who shall be appointed by the Board.
- 1.4 The company secretary of the Company shall serve as the secretary of the Committee.

### 2. Authority

- 2.1 The Committee shall report to the Board, and if necessary consult the chairman of the Company in relation to its remuneration proposals of executive directors and senior management for clarification.
- 2.2 The Committee shall have the right to consult external independent professional opinion, and invite external parties with the relevant experience and expertise to attend meetings if it considers necessary.
- 2.3 The Committee shall be provided with sufficient resources to discharge its duties.

### 3. Duties

The Committee shall have the following duties:

- 3.1 To make 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;
- 3.2 The Committee performs an advisory role to the Board, with the Board retaining the final authority to approve executive directors' and senior management's remuneration. Also, the Committee makes recommendations to the Board of the remuneration of non-executive directors. Remuneration includes but not limited to basic salaries, share options and benefits in kind, pension rights, bonuses and compensation payments (including any compensation payable for loss or termination of their office or appointment). The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;
- 3.3 To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

- 3.4 To review or approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- 3.5 To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- 3.6 To ensure that no director or any of his associates is involved in deciding his own remuneration;
- 3.7 To review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules of Hong Kong Stock Exchange; and
- 3.8 The Committee shall advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under the Listing Rules of Hong Kong Stock Exchange.

#### **4. Committee Meeting**

- 4.1 The Committee shall meet at least once a year.
- 4.2 Notice of at least seven (7) days shall be given for any meeting, unless such notification is waived by all members of the Committee. Notwithstanding the notification period, the attendance of one member of the Committee at the meeting would deem the required notification requirement be waived by that member. If the follow up meeting takes place within seven (7) days after the meeting, then no notification is required for such follow up meeting.
- 4.3 The necessary quorum for the Committee meeting to resolve matters shall be any two (2) members.
- 4.4 The resolution of the Committee shall be passed by majority votes and can be passed by way of written resolution signed by all members in writing. Meeting can be held through attendance in person, via telephone conference or via video conference.
- 4.5 Complete records of all Committee meetings shall be kept by the Committee secretary. Draft and final versions of minutes of the Committee meetings shall be sent to all Committee members for their comment and records within a reasonable time after the meeting.

#### **5. Publication of this Terms of Reference**

- 5.1 This Terms of Reference will be posted on the websites of the Company and Hong Kong Stock Exchange.

Adopted by the Board on 29 December 2022