

Sichuan Baicha Baidao Industrial Co., Ltd.
四川百茶百道實業股份有限公司

**TERMS OF REFERENCE AND RULES OF PROCEDURES OF
REMUNERATION COMMITTEE**

In order to improve the performance evaluation and remuneration management system of the directors (the “**Director**”), supervisors and senior management of Sichuan Baicha Baidao Industrial Co., Ltd. (the “**Company**”) and improve the corporate governance structure, the Company has established the remuneration and assessment committee (the “**Remuneration Committee**”) under the board of directors (the “**Board**”) with these terms of reference in accordance with the Company Law of the People’s Republic of China, the Articles of Association, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and other relevant provisions.

1. Members

- 1.1 The Remuneration Committee shall be established by the Board of the Company, and the majority of members of the Remuneration Committee shall be independent non-executive Directors of the Company.
- 1.2 The chairperson of the Remuneration Committee must be appointed by the Board, and he/she must be an independent non-executive Director.
- 1.3 The terms of appointment of members of the Remuneration Committee shall be determined by the Board at the appointment date.

2. Secretary

- 2.1 The joint company secretary (the “**Joint Company Secretary**”) of the Company shall act as the secretary to the Remuneration Committee.
- 2.2 The Remuneration Committee may, from time to time, appoint any other person with appropriate qualification and experience to act as the secretary to the Remuneration Committee.

3. Meeting

- 3.1 The Remuneration Committee shall convene meetings at least once a year.
- 3.2 Due notice should be given for any meeting, unless such notification is waived by all members of the Remuneration Committee. Notwithstanding the notification period, the attendance of members of the Remuneration Committee at the meeting would be deemed as the waiver of the required notification requirement.
- 3.3 The quorum necessary for convening the meeting of the Remuneration Committee shall be two members of the Remuneration Committee, one of whom must be an independent non-executive Director.

- 3.4 Meeting can be attended in person or via telephone or videoconferencing. The members of the Remuneration Committee can attend the meeting via telephone or similar communication device (all persons attending such meeting shall be able to hear from such member via such communication device).
- 3.5 Resolutions of the Remuneration Committee shall be passed by more than half of its members.
- 3.6 The resolution signed in writing by all members of the Remuneration Committee is valid, and the validity is the same as if it is passed in the meeting duly convened and held by the Remuneration Committee.
- 3.7 Full minutes of the Remuneration Committee shall be kept by the Joint Company Secretary or the duly appointed secretary to the Remuneration Committee for review by the Directors. Draft and final versions of the minutes shall be sent to all members of the Remuneration Committee successively for their comments and records, within a reasonable time after the meeting.

4. Meeting Attendance

- 4.1 Upon the invitation from the Remuneration Committee, the chairperson of the Board and/or the managing director or the chief executive officer, the chief financial officer, external advisor and other persons can be invited to attend all or part of any meeting.
- 4.2 Only the members of the Remuneration Committee can vote in the meeting.

5. Annual General Meeting

- 5.1 The chairperson of the Remuneration Committee or (if absent) the other member of the Remuneration Committee (must be an independent non-executive Director) shall attend the annual general meeting of the Company, respond the shareholders' enquiry on the activities and responsibilities related to the Remuneration Committee.

6. Duties and Powers

The Remuneration Committee shall have the following duties and powers:

- 6.1 to make recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 6.2 to review and approve the management's remuneration with reference to the Board's corporate goals and objectives;
- 6.3 either: (i) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 6.4 to make recommendations to the Board on the remuneration of non-executive Directors;

- 6.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- 6.6 to review and approve 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 fair and not excessive;
- 6.7 to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- 6.8 ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- 6.9 to study on the Company's equity incentive program and put forward suggestions;
- 6.10 to review and/or approve the matters relating to the share scheme pursuant to Chapter 17 under the Listing Rules;
- 6.11 to ensure that the share options or awards (if any) offered by the Company to its Directors or senior management are in accordance with Chapter 17 of the Listing Rules (as amended and supplemented from time to time), as applicable, including without limitation:
 - (a) where share options or awards are granted to Directors and/or senior management with a vesting period of less than 12 months, forming views on why a shorter vesting period is appropriate and how such grants align with the purpose of the relevant share incentive scheme;
 - (b) where share options or awards are granted to the Directors and/or senior management without performance targets and/or clawback mechanism, forming views as to why performance targets and/or a clawback mechanism is/are not necessary and how such grants align with the purpose of the relevant share incentive scheme.
- 6.12 the requirements in relation to the scope of work for the committee under the listing rules, as amended from time to time, of the other stock exchange in the place where the Company is listed;
- 6.13 to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules.

7. Reporting

- 7.1 The proposals and voting results adopted by the Remuneration Committee shall be reported to the Board of the Company in writing.

8. Authority

- 8.1 The Remuneration Committee shall consult the chairman of the Board and/or the chief executive officer about their remuneration proposals for other executive Directors.

8.2 The Remuneration Committee is authorised by the Board to request the senior management of the Company to provide any required information related to the remuneration package to perform its duties.

8.3 The Remuneration Committee should have access to independent professional advice at the Company's expense if necessary, to perform the responsibilities of the Remuneration Committee.

Note: the independent professional advice can be sought via the chief financial officer or the Joint Company Secretary.

8.4 The Remuneration Committee shall be provided with sufficient resources to perform its duties.

Note: "Senior management" refers to the same persons referred to in the Company's annual report. It is the responsibility of the Directors of the Company to determine which individual or individuals constitute senior management. Senior management may include the directors of subsidiaries of the Company, heads of divisions, departments or other operating units within the group as, in the opinion of the Company's directors, is appropriate.

8.5 In accordance with the provisions of Rule 13.68 of the Listing Rules, the Remuneration Committee shall give its opinion on the service contracts required to be approved by the shareholders, notify the shareholders the reasonableness of the relevant terms, make suggestions on the overall interests of the Company and its shareholders regarding the relevant contracts, and suggest how the shareholders (except the related shareholders, the shareholders and their associates with vital interests in such service contracts) vote on the resolutions.

Matters not covered in these terms of reference shall be implemented in accordance with relevant laws and regulations, the Listing Rules, other provisions of the Hong Kong securities regulatory authority and the relevant provisions of the Articles of Association. If the relevant provisions of these terms of reference conflict with the relevant laws and regulations promulgated or amended in the future, the Listing Rules, other provisions of the Hong Kong securities regulatory authority and the Articles of Association, they shall be executed in accordance with the relevant laws and regulations, the Listing Rules, other provisions of the Hong Kong securities regulatory authority, the current Articles of Association or the amended Articles of Association.