

# Baiwang Co., Ltd.

## Terms of Reference for the Remuneration and Appraisal Committee of the Board

### CHAPTER I GENERAL PROVISIONS

**Article 1** In order to further establish and improve the remuneration and appraisal management system of Baiwang Co., Ltd. (the “**Company**”), and perfect the Company’s governance structure, the Company has established a Remuneration and Appraisal Committee of the board of directors (the “**Board**”) according to the *Company Law of the People’s Republic of China* (the “**Company Law**”), the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the “**Listing Rules**”), *Corporate Governance Code* set out in Appendix C1 to the *Listing Rules* and other applicable laws, regulations, and normative documents as well as the *Articles of Association of Baiwang Co., Ltd.* (the “**Articles of Association**”) applicable upon issuance of H Shares and pursuant to the resolutions of the Board, and formulated the *Terms of Reference for the Remuneration and Appraisal Committee of the Board of Baiwang Co., Ltd.* (the “**Terms of Reference**”) under the Company’s actual circumstances.

**Article 2** The Remuneration and Appraisal Committee is a specialized working body of the Board of the Company, mainly responsible for researching and formulating the appraisal standards for directors, supervisors, and senior management, and conducting appraisal according to these standards, as well as providing opinions and suggestions; responsible for researching and formulating, and reviewing the remuneration plans or schemes for directors, supervisors, and senior management of the Company.

**Article 3** The Directors mentioned in the Terms of Reference refer to the Directors of the Company, and Senior management refer to the General Manager, the Deputy General Manager, the Secretary to the Board, the Chief Financial Officer and other personnels expressly appointed by the Board as senior management of the Company. The “General Manager” mentioned in the Terms of Reference is the “Manager” referred to in the *Company Law*.

### CHAPTER II PERSONNEL COMPOSITION

**Article 4** The Remuneration and Appraisal Committee consists of more than three directors and has an odd number of members, of which more than half shall be independent non-executive directors.

**Article 5** Members of the Remuneration and Appraisal Committee are nominated by the Chairman or the Nomination Committee of the Board and are elected by directors presenting more than half of the voting rights of the Board. If the proposal for electing a member is approved, the new member takes office immediately after the Board meeting.

**Article 6** Members of the Remuneration and Appraisal Committee shall be appointed and dismissed by the Board. The Remuneration and Appraisal Committee shall report to the Board from time to time.

**Article 7** The Remuneration and Appraisal Committee has a convener, i.e. Committee Chair, who shall be an independent non-executive director appointed by the Board and chairs the Committee. When the Committee Chair is unable to or does not perform his duties, an independent non-executive director elected by more than half of the members will perform such duties.

**Article 8** Members of the Remuneration and Appraisal Committee have the same term of office as those of the Board, and may be re-elected and re-appointed upon expiry of the term of office. During the term of office, a member ceasing to serve as a director of the Company or, in case of a member who shall be an independent non-executive director, ceasing to be independent as defined in the *Articles of Association* and the *Listing Rules*, will be automatically disqualified as a member. Members of the Remuneration and Appraisal Committee may resign from their positions prior to the expiry of their terms by submitting written resignation reports to the Board. Such reports shall contain necessary explanations of the reasons for the resignation and the matters requiring the concern of the Board. After a member of the Remuneration and Appraisal Committee is disqualified or allowed to resign, the Board shall replenish the number of members subject to applicable laws, regulations, normative documents and Articles 4 to 7 herein. The term of office of a supplementary member expires at the end of the member's term as a director or an independent non-executive director. A member shall not be removed from office without any justified reason until the expiry thereof except under circumstances that prohibit it from holding office under the *Company Law*, the *Articles of Association* or the *Listing Rules*.

### CHAPTER III DUTIES AND POWERS

**Article 9** The main responsibilities and authority of the Remuneration and Appraisal Committee include:

- (I) Based on the main scope, responsibilities, importance of the management positions of the directors, supervisors, and senior management, as well as the remuneration levels of similar positions in other companies, to formulate the overall remuneration policy and structure for directors, supervisors, and senior management, including but not limited to performance evaluation criteria, procedures and main evaluation systems, major schemes and systems for rewards and punishments, etc., and to establish regular and transparent procedures to formulate remuneration policies and make recommendations to the Board, and to supervise the implementation of the schemes;
- (II) Based on the corporate policies and goals set by the Board, to review and approve the management's remuneration proposals;
- (III) To review the performance of the directors and senior management in fulfilling their duties and conduct annual performance evaluations, formulate year-end bonus schemes, and submit them to the Board for decision and implementation;
- (IV) To supervise the implementation of the Company's remuneration system;
- (V) To make recommendations to the Board on determining the individual remuneration and benefits of the executive directors, supervisors, and senior management, including non-monetary benefits, retirement benefits, and compensation amounts (including compensation for loss or termination of duties or appointments), and make recommendations to the Board on the remuneration of non-executive directors;
- (VI) To consult with the Chairman or General Manager on the remuneration proposals of other executive directors. If necessary, the Committee shall seek independent professional advice;

- (VII) To review and approve compensation for executive directors, supervisors, and senior management for loss or termination of duties or appointments to ensure that such compensation is consistent with the contract terms; if it is not consistent with the contract terms, the compensation must be fair and reasonable, and not excessive;
- (VIII) To review and approve compensation for directors who have been dismissed or removed from their duties due to improper behavior to ensure that such compensation is consistent with the contract terms; if it is not consistent with the contract terms, the compensation must be reasonable and appropriate;
- (IX) To ensure that no director or any of their associates (as defined in the *Listing Rules*) may participate in determining their own remuneration, and for non-executive directors who are also members of the Remuneration and Appraisal Committee, their remuneration shall be determined by other members of the Committee;
- (X) To review incentive plans and service contracts of directors;
- (XI) To review and/or approve matters related to share plans as described in Chapter 17 of the *Listing Rules*;
- (XII) To be responsible for other matters authorized by the Board.

**Article 10** The remuneration plans or schemes proposed by the Remuneration and Appraisal Committee shall not harm the interests of shareholders, and the Board has the right to veto any remuneration plan or scheme that harms the interests of shareholders.

**Article 11** The remuneration plans or schemes for directors and supervisors proposed by the Remuneration and Appraisal Committee must be submitted to the Shareholders' General Meeting for approval after being approved by the Board (if applicable); the remuneration plans or schemes for senior management of the Company must be submitted by the Board for approval. The Remuneration and Appraisal Committee is accountable to the Board, and its proposals shall be submitted to the Board for determination. Relevant departments of the Company have an obligation to cooperate with the work of the Remuneration and Appraisal Committee and provide relevant materials. The Remuneration and Appraisal Committee shall be provided with sufficient resources to fulfill its duties.

According to the *Listing Rules*, the director or supervisor service contracts that require shareholder approval include:

- (I) Contracts with a service period of more than three years; or
- (II) Contracts that stipulate that if the Company wishes to terminate the contract, it must give more than one year's notice or pay compensation equivalent to more than one year's remuneration or other payments.

The Remuneration and Appraisal Committee shall express its opinion on the aforementioned director or supervisor service contracts that require shareholder approval, inform the shareholders whether the terms of the contract are fair and reasonable, whether the contract is in line with the overall interests of the Company and its shareholders, and how shareholders (except for shareholders who are directors or supervisors and have significant interests in such service contracts and their associates) should vote and provide opinions.

**Article 12** The Remuneration and Appraisal Committee shall make its terms of reference public on the websites of the Company as well as the Stock Exchange of Hong Kong Limited (“SEHK”) and explain its role and the powers delegated to it by the Board.

#### **CHAPTER IV WORKING PROCEDURES**

**Article 13** The Company’s human resources and administration department serves as the daily office of the Remuneration and Appraisal Committee, responsible for providing relevant information on human resources of the Company and personnel being evaluated, and responsible for preparing for meetings of the Remuneration and Appraisal Committee and implementing relevant resolutions of the Board and the Committee.

**Article 14** The Company’s human resources and administration department is responsible for preparing for the decisions of the Remuneration and Appraisal Committee and providing relevant information on the Company:

- (I) The achievement of the Company’s main financial indicators and performance targets;
- (II) The work scope and performance of directors, supervisors, and senior management;
- (III) The achievement of indicators involved in the performance evaluation system for directors, supervisors, and senior management;
- (IV) The operating performance of directors, supervisors, and senior management in terms of business innovation and profit-making ability;
- (V) Relevant calculation basis for formulating the Company’s remuneration plans or schemes based on Company’s performance;
- (VI) Maintaining regular contact with intermediary organizations designated by the Remuneration and Appraisal Committee;
- (VII) Providing the Company’s various remuneration systems and the implementation status of these systems as requested by the Remuneration and Appraisal Committee.

The Remuneration and Appraisal Committee performs the primary duties under Article IX of the Terms of Reference based on the documentations made available by the Company’s human resources and administration department.

The Chair of the Remuneration and Appraisal Committee or, in its absence, another member thereof (who must be an independent non-executive director) shall attend the Annual General Meeting of the Company and respond to shareholders’ questions about the activities and responsibilities thereof.

## CHAPTER V RULES FOR PROCEDURE

**Article 15** The meeting of the Remuneration and Appraisal Committee shall be held at least once a year. A special meeting of the Remuneration and Appraisal Committee may be convened if the Chair deems it necessary, at the suggestion of more than half of the committee members, or at the suggestion of the Chairman of the Board.

**Article 16** The Chair of the Committee calls a meeting of the Committee and signs a notice of the meeting, and the notice and materials of the meeting shall be delivered to all members three days (excluding the date of meeting) prior to the meeting. The prior notice may be waived by unanimity of all members.

**Article 17** The Chair of the Committee presides over the Committee meeting and may, if unable to attend the meeting, commission another independent non-executive director to preside over the meeting.

**Article 18** The meeting shall be attended by more than two-thirds of the members, one of whom must be an independent non-executive director; a member who is unable to attend the meeting may authorize another member in writing to attend and vote on his or her behalf; and the letter of authorization shall specify the name of the proxy, the authorized matter, the scope of the authorization and the period of validity and shall be signed or sealed by the client and submitted to the host of the meeting no later than the time before voting at the meeting.

Resolutions made at the meeting shall be passed by a majority of the Committee and the resolutions or opinions shall be signed by the Committee members in attendance. Each member is entitled to one vote, which may be cast for “Yes”, “No”, or “Abstention”; when the “Yes” votes equal the “No” votes, the Committee Chair is entitled to one extra vote.

**Article 19** The Remuneration and Appraisal Committee meeting may be convened on site or by telephone, video, circulation of documents, fax, mail or any other appropriate means.

**Article 20** The Remuneration and Appraisal Committee may invite the directors, supervisors, senior management and outside consultants of the Company to the meeting when necessary. Those present at the meeting may explain or clarify the matters discussed at the meeting, and non-members have no right to vote.

**Article 21** The Company shall offer the Remuneration and Appraisal Committee sufficient resources to perform its duties. Senior management and relevant departments of the Company shall cooperate and support the work of the Remuneration and Appraisal Committee, provide relevant information, and active assist the Committee’s work; if necessary, the Committee may employ independent intermediary organizations to provide professional opinions for its decisions, and the reasonable expenses incurred will be borne by the Company.

**Article 22** When discussing proposals related to members of the Committee, the parties involved shall rescue themselves.

**Article 23** The procedures for convening Committee meetings, the voting methods and the proposals or motions passed at the meetings shall comply with laws, regulations, the *Articles of Association* and the Terms of Reference.

**Article 24** Minutes of the Committee shall be taken and the members present shall sign the minutes; the minutes of the meeting shall be properly kept by the Secretary to the Board.

**Article 25** Any resolutions and voting results passed at a Committee meeting shall be submitted to the Board for review in writing.

**Article 26** Committee members present at the meeting and those invited to sit in shall have an obligation of confidentiality on the matters discussed at the meeting and shall not disclose any information concerned at their own discretions except as otherwise required by laws, regulations and/or the regulatory authorities.

## CHAPTER VI SUPPLEMENTARY PROVISIONS

**Article 27** The words “above” herein shall include the number per se; while the phrase “more than a half” shall exclude the number per se.

**Article 28** The Terms of Reference shall be considered and approved by the Board and shall take effect and be implemented on the date on which the Company’s initial public offering of overseas listed foreign shares (H Shares) begins trading on the SEHK. As of the effective date of the Terms of Reference, the original Rules shall automatically become invalid. The Terms of Reference shall be amended and interpreted by the Board of the Company.

**Article 29** Any matters not covered herein shall be governed by applicable laws, regulations, departmental rules, the *Listing Rules*, and the *Articles of Association* (the “**Laws and Rules**”); Where the Terms of Reference conflict with the Laws and Rules, the latter shall apply. The Terms of Reference shall be amended accordingly with the least delay possible and reported to the Board for deliberation and approval.