

# Bao Shen Holdings Limited

## 寶申控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8151)

### TERMS OF REFERENCE OF REMUNERATION COMMITTEE

(Revised and adopted by the Board on 28 December 2018)

#### Preamble

Bao Shen Holdings Limited (the “**Company**”) was listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 23 April 2018.

In compliance with the code provisions of the Corporate Governance Code issued by the Stock Exchange, a Remuneration Committee needs to be established with the terms of reference as set out and adopted herein.

#### 1. Organization

The board (the “**Board**”) of the directors of the Company (the “**Directors**”) has resolved to set up the remuneration committee of the Board (the “**Committee**”) on 31 March 2018.

#### 2. Objective

The main objective of the Committee is to regularly make recommendations to the Board on the Company’s policy and structure for the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy. The Committee is accountable to the Board.

#### 3. Composition

3.1 The Committee shall comprise a minimum of three Directors and shall be appointed or removed by the Board. If any member of the Committee (the “**Member**”) ceases to be a Director, he/she will cease to be a Member automatically. The vacancy will be filled by appointment of new Member by the Board.

3.2 The majority of the Members shall be independent non-executive Directors.

3.3 The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive Director.

3.4 Each Member of the Committee shall disclose to the Committee:

(a) any personal financial interest (other than as a Shareholder of the Company) in any matter to be decided by the Committee; or

(b) any potential conflict of interest arising from a cross-directorship.

Any such Member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Committee.

#### **4. Secretary**

Save as otherwise appointed by the Committee, the secretary to the Committee shall be the Company Secretary to the Company, and in the absence of the Company Secretary, any such other person as may from time to time be nominated by the Company Secretary, subject to the approval of the Committee, shall act as secretary of the Committee.

#### **5. Authority**

5.1 The Committee is authorised by the Board to discharge its duties within these terms of references. It is authorised to seek any remuneration information it requires from relevant parties of the Company. The Committee is authorised and encouraged by the Board to obtain external independent professional advice from reputable recognized advisors, at the Company's expense, and to secure the attendance of such external advisors with relevant experience and expertise. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external remuneration consultant who advises the Committee.

5.2 The Committee should be provided with sufficient resources to perform its duties.

#### **6. Duties**

6.1 The duties of the Committee shall include:–

- (a) to consult the chairman of the Board and/or chief executive of the Company about their remuneration proposals for other executive and/or non-executive Directors. The Committee should have access to independent professional advice if necessary;
- (b) to review and make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

- (d) 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;
- (e) to make recommendations to the Board on the remuneration of non-executive Directors;
- (f) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
- (g) to review and approve compensation payable to executive Directors, non-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 with the market practice;
- (h) 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;
- (i) to ensure that no Director or any of his/her associates (as defined in the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) is involved in deciding his/her own remuneration;
- (j) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- (k) to conform any requirement, direction and regulation that may from time to time be prescribed by the Board, or contained in the articles of association of the Company or imposed by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited or any applicable laws.

6.2 In carrying out its duties under these terms of references, the Committee should:

- (a) consult the chairman of the Board about their remuneration proposals for other executive Directors and senior management and to consult independent professional advice, if necessary;
- (b) provide competitive packages needed to attract, retain and motivate executive Directors and senior management of the quality required in line with market practices;

- (c) judge where to position the Group relative to other companies in the industry in which the Group operates. The Committee should be aware what comparable companies are paying and should take account of relative performance;
- (d) be sensitive to market practice, including pay and employment conditions within the Group and elsewhere in the industry in which the Group operates, especially when determining annual salary increase;
- (e) ensure that the performance-related elements of remuneration from a significant proportion of the total remuneration package of executive Directors and senior management and are designed to align their interests with those of the shareholders and to give the Directors and senior management incentives to perform at highest levels; and
- (f) ensure that share options offered by the Company and its Directors or senior management (if any) are in accordance with the GEM Listing Rules or the employees incentive schemes are in compliance with applicable laws and regulations, as applicable.
- (g) Without prejudice to the generality of these terms of reference of the Committee set out above, the Committee shall:
  - (h) operate the Company's share option scheme or other incentive scheme as they apply to, and recommend to the general meeting(s) of shareholders, grants of options to be made to Directors and senior management. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
  - (i) liaise with the trustee of any employee share incentive scheme which is created by the Company for the benefit of employees, senior management or Directors;
  - (j) review the terms of executive Directors' and senior managements' appointment letters from time to time; and
  - (k) advise the Board in relation to the preparation of the Board's remuneration report (if any) to the shareholders.

## **7. Meetings of the Committee**

### **7.1 Number of meeting**

There shall be at least one meeting of the Committee annually to be convened and held by attending in person, by telephone or video conference. If required, extraordinary meeting could be convened.

### **7.2 Notice of meeting**

Unless waived by all Members on notice, the secretary to the Committee shall give at least seven days prior notice to all Members for any meeting to be convened and circulate the meeting agenda to the Members.

### **7.3 Quorum**

Meetings of the Committee shall be attended by more than one-half of the Members to be effective.

### **7.4 Conducting the meetings**

Meetings could be convened by attending in person, by telephone or video conference. Members could attend the meetings through telephone conference or similar arrangements which Members could communicate to each other. With consent by all Members, resolutions of the Committee could be passed by written resolutions.

### **7.5 Resolutions**

Any resolution shall be passed by the majority votes of the Members who attend the meetings. A resolution in writing signed by all of the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee. Any such resolution may be contained in a single document or may consist of several documents all in like form.

### **7.6 Invitations**

The Committee could invite any executive Directors, non-executive Directors, external advisers or other individuals to attend the meetings but such executive Directors, advisers or individuals are not entitled to vote at the meetings.

### **7.7 Minutes of the meetings**

Full minutes of meetings should be kept by the secretary to the Committee. Minutes shall record matters considered and decisions reached by the Members in details, including any doubt or disagreement raised by the Members. Draft and final versions of the minutes of the meetings should be sent to all Members for their comment and record, within a reasonable time after the meetings.

## **8. Report**

- 8.1 Chairman of the Committee who chair the meetings or other Member who is authorised by the chairman of the Committee to chair the meetings shall report to the Board after each meeting of the Committee.
- 8.2 Without prejudice to the generality of the duties of the Committee set out in these terms of reference, the Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restriction on doing so.

## **9. Review of terms of reference**

- 9.1 The Committee shall review these terms of reference annually, and may consider and submit to the Board any proposed changes that the Committee deems appropriate or advisable.

## **10. Interpretation**

Interpretation of these terms of reference shall belong to the Board.

*Note:* These terms of reference are prepared in English. In case of any inconsistency between the Chinese version and the English version, the English version shall prevail.