

Shenzhen Pagoda Industrial (Group) Corporation Limited

(Stock code: 2411)

Terms of Reference of the Remuneration Committee of the Board of the Company

Chapter 1 General Provisions

Article 1 In order to further enhance the remuneration management system for directors and senior management of Shenzhen Pagoda Industrial (Group) Corporation Limited (the “**Company**”) and improve the assessment and evaluation system, the Remuneration Committee is established and these terms of reference are formulated in accordance with 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**”), the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the Articles of Association of the Company (the “**Articles of Association**”) and other relevant applicable laws, regulations and regulatory documents.

Article 2 The Remuneration Committee is a special body set up by the Board in accordance with the Articles of Association, and is primarily responsible for researching and formulating the assessment standards of and evaluating the Company’s directors and senior management, conducting assessment and making recommendations, studying and formulating the remuneration plan for directors and senior management, making recommendations to the Board and supervising the implementation of the plan.

Chapter 2 Composition

Article 3 The Remuneration Committee shall consist of at least three (inclusive) directors, the majority of whom shall be independent non-executive directors of the Company.

Article 4 The Remuneration Committee shall have one chairman (convener), who shall be a member of the committee and appointed by the Board, and the chairman shall be an independent non-executive director, who shall be responsible for presiding over the work of the Remuneration Committee. The secretary of the Remuneration Committee shall be the Company’s secretary or any person designated by the Remuneration Committee from time to time.

Article 5 The term of office of the Remuneration Committee shall be the same as that of the Board. Members of the Remuneration Committee may be re-elected upon expiry of their term of office. If any member ceases to be a director of the Company prior to expiry of his/her term of office, he/she shall automatically be disqualified for acting as a member of the Remuneration Committee and the Board shall fill the consequential vacancy in accordance with Article 3 to Article 4 above.

Chapter 3 Duties and Authorities

Article 6 The main duties and authorities of the Remuneration Committee are as follows:

- (1) to formulate remuneration plan or scheme in accordance with the main scope, responsibility, and importance of the management posts of a director and manager and the remuneration level for the related posts of other related enterprises; such remuneration plans or schemes include but are not limited to performance appraisal criteria, procedures and key appraisal system, and major incentive and penalty plans and systems;
- (2) to review the performance of duties of directors (non-independent non-executive directors) and managers of the Company and to conduct annual performance appraisals on them;
- (3) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, if any;
- (4) to supervise the implementation of the Company's remuneration system; and
- (5) other matters as authorized by the Board.

Article 7 The duties of the Remuneration Committee with respect to remuneration of directors and management shall include the following:

- (1) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (2) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (3) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (4) to make recommendations to the Board on the remuneration of the non-executive Directors;
- (5) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

- (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;
- (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;
- (8) to ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- (9) to consult with the Company's chairman and/or general manager about their remuneration proposals for other executive Directors.

Chapter 4 Rules of Procedure

Article 8 The Remuneration Committee shall meet at least once a year. A notice shall be given to all members three days before the date of the meeting. The meeting shall be convened and presided over by the chairman. If the chairman is unable or fails to perform his/her duties, he/she may appoint another member (who shall be an independent non-executive director) to perform his/her duties on his/her behalf. Where an emergency meeting has to be convened, a notice of meeting may be given in writing, by telephone, by communication or by other means.

Article 9 A meeting of the Remuneration Committee shall be held only if more than half of the members are present. Each member shall have one vote. A resolution of the meeting shall be approved by more than half of all the members of the Remuneration Committee.

Article 10 Members of the Remuneration Committee shall express clear opinions on the matters considered at the meeting. If a member is unable to attend a meeting of the Remuneration Committee in person, he/she is entitled to delegate another member in writing to vote on his/her behalf.

The proxy form shall specify the name of the proxy, subject matter, authority and validity period, and shall be signed by the principal. When a proxy attends the meeting of the Remuneration Committee, he/she shall issue the proxy form and exercise the rights he/she is authorized to exercise.

Article 11 A member of the Remuneration Committee who fails to attend two consecutive meetings in person or by proxy shall be deemed as unable to perform his/her duties, and the Remuneration Committee shall propose to the Board to remove him/her.

Article 12 Votes at meetings of the Remuneration Committee shall be taken by show of hands or by poll.

Article 13 Directors, supervisors and senior management member(s) of the Company who are not members of the Remuneration Committee may be invited to attend the meeting(s) of the Remuneration Committee if necessary.

Article 14 The Remuneration Committee shall consult the chairman and/or general manager about their remuneration proposals for other executive directors. The Remuneration Committee may engage intermediaries to provide professional advice regarding its decision if necessary at the expense of the Company.

Article 15 A member shall refrain from discussions regarding any issue related to such member at a meeting of the Remuneration Committee. Such meeting may be held as long as it is attended by more than half of the non-related members, and resolutions of such meeting shall be subject to approval by more than half of the non-related members. If the number of non-related members attending the meeting is less than half of the total number of non-related members of the Remuneration Committee, the issue shall be submitted to the Board for consideration.

Article 16 The Remuneration Committee shall keep minutes of the meeting(s). The minutes shall be prepared by the office of the Board and include the following:

- (1) method, date, venue and name of the chairman of the meeting;
- (2) details of attendance, absence and attendance by proxy;
- (3) names and positions of persons attending the meeting;
- (4) agenda of the meeting;
- (5) key points of speeches to be delivered by members and relevant attendees; and
- (6) name of the person taking the minutes.

Members attending a meeting of the Remuneration Committee shall sign on the minutes of such meeting. The minutes shall be kept by the secretary of the Board for a minimum of ten years.

Article 17 Resolutions and voting results passed at the meetings of the Remuneration Committee shall be reported to the Board in writing. The Remuneration Committee shall report to the Board its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as restriction on disclosure due to regulatory requirements).

Article 18 Members of the Remuneration Committee and those in attendance are obliged to keep matters considered at the meeting confidential and shall not disclose relevant information without authorization.

Chapter 5 Supplementary Provisions

Article 19 These terms of reference shall take effect and be implemented from the day on which H shares of the Company are listed and traded on The Stock Exchange of Hong Kong Limited.

Article 20 In case of any inconsistency between the Chinese version and the English version of these terms of reference, the Chinese version shall prevail.

Article 21 For any matters not covered in these terms of reference, the relevant laws and regulations, the Listing Rules, other requirements of the Hong Kong securities regulatory authority, and the relevant provisions of the Articles of Association shall apply. If the relevant provisions of these terms of reference contravene with the laws and regulations, the Listing Rules, other requirements of the Hong Kong securities regulatory authority and the Articles of Association as enacted or amended in the future, such relevant laws and regulations, the Listing Rules, other requirements of the Hong Kong securities regulatory authority, and the existing or revised Articles of Association shall prevail.

Article 22 The Board shall be responsible for amending and interpreting the terms of reference.