

**Impression Dahongpao Co., Ltd.**  
**印象大红袍股份有限公司**  
**TERMS OF REFERENCE OF THE REMUNERATION**  
**COMMITTEE**

**Chapter 1 General Provisions**

**Article 1** To further establish and improve the assessment and remuneration management system for the directors and senior management of Impression Dahongpao Co., Ltd. (hereinafter referred to as the “Company”) and improve the Company’s governance structure, the Terms of Reference for the Remuneration Committee of the Board of Directors of Impression Dahongpao Co., Ltd. (hereinafter referred to as the “Terms of Reference”) are formulated in accordance with the provisions of the “Company Law of the People’s Republic of China” (hereinafter referred to as the “Company Law”), the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (hereinafter referred to as the “Listing Rules”), the Corporate Governance Code set out in Appendix C1 to the Listing Rules, the regulatory rules of the securities regulatory authorities and stock exchanges where the Company’s shares are listed, including The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Stock Exchange”) as well as the Articles of Association of Impression Dahongpao Co., Ltd. (hereinafter referred to as the “Articles of Association”), combined with the actual circumstances of the Company.

**Article 2** The Remuneration Committee is a special working body established under the Board of Directors, which is mainly responsible for formulating assessment criteria for and conducting assessments on the Company’s directors and senior management; it is also responsible for formulating and reviewing the remuneration policies and plans for the Company’s directors and senior management, and is accountable to the Board of Directors.

**Article 3** For the purposes of the Terms of Reference, the term “directors” refers to all directors elected by the shareholders’ meeting, including independent non-executive directors; the term “senior management” refers to the general manager, deputy general managers, secretary to the board of directors, chief financial officer (financial controller) appointed by the Board of Directors, and other senior management personnel as specified by applicable laws and regulations, the securities regulatory rules of the jurisdictions where the Company’s shares are listed, and the Articles of Association.

## **Chapter 2 Composition**

**Article 4** The Remuneration Committee shall consist of three Directors, of whom at least two shall be Independent Non-executive Directors.

**Article 5** Members of the Remuneration Committee (hereinafter referred to as “Members”) shall be nominated by the Chairman of the Board of Directors, or by one-third or above of all the Directors, or by one-half or above of the Independent Non-executive Directors, and shall be elected by a majority of the Board of Directors.

**Article 6** The Remuneration Committee shall have one convener (i.e., the Chairman of the Remuneration Committee), who shall be an Independent Non-executive Director member and be responsible for presiding over the work of the Committee. The Chairman of the Remuneration Committee shall be elected by the members of the Remuneration Committee and appointed subject to the approval of the Board of Directors.

**Article 7** The term of office of the Remuneration Committee shall be identical to that of the current Board of Directors, and the members may be re-elected upon the expiry of their term of office. If any member ceases to hold the office of Director of the Company during his or her term of office, or any member who is required to have the status of an Independent Non-executive Director no longer meets the requirements for independence as stipulated in the Company Law, the Articles of Association, the Measures for the Administration of Independent Directors of Listed Companies, the Listing Rules and other applicable provisions, such member shall automatically lose his or her qualification as a member of the Committee.

**Article 8** The Remuneration Committee may establish a working group as its daily administrative body, which shall be responsible for providing materials relating to the Company’s operations and materials relating to the personnel being assessed, organizing meetings of the Remuneration and Assessment Committee and implementing the relevant resolutions. The working group shall be mainly composed of relevant personnel from the Company’s human resources department and finance department.

### **Chapter 3 Duties and Authorities**

**Article 9** The Remuneration Committee is responsible for formulating assessment criteria for and conducting assessments on the Directors and senior management, formulating and reviewing the remuneration policies and plans for the Directors and senior management, and making recommendations to the Board of Directors on the following matters:

- (1) To formulate remuneration plans or schemes based on the main scope, duties and importance of the management positions of the Directors and senior management as well as the remuneration levels of relevant positions in other similar enterprises; make recommendations to the Board of Directors on the overall remuneration policies and structure for the Company's Directors and senior management, including but not limited to performance evaluation criteria, procedures and main evaluation systems, major reward and punishment schemes and systems, etc.; formulate remuneration policies with formal and transparent procedures; supervise the implementation of such schemes;
- (2) To review and approve the remuneration recommendations of the management in accordance with the corporate policies and objectives set by the Board of Directors;
- (3) To review the performance of duties of the Company's Directors and senior management and conduct annual performance appraisals on them;
- (4) To be responsible for supervising the implementation of the Company's remuneration system;
- (5) To make recommendations to the Board of Directors on the remuneration packages of individual Executive Directors and senior management, including non-monetary benefits, pension rights and compensation amounts (including compensation for loss or termination of office or appointment), and making recommendations to the Board of Directors on the remuneration of Non-executive Directors;
- (6) To consider the remuneration paid by similar companies, the time and duties to be devoted, and the employment terms of other positions within the Group;
- (7) To formulate or amend share option incentive schemes and employee share ownership schemes, and the satisfaction of the conditions for the grantees of incentives to be granted rights and interests and to exercise such rights and interests;

- (8) To review and approve the compensation payable to executive directors and senior management in respect of the loss or termination of their office or appointment, so as to ensure that such compensation is consistent with the terms of their contracts; where such compensation is not consistent with the terms of their contracts, it shall also be fair and reasonable;
- (9) To review and approve the compensation arrangements involved in the dismissal or removal of a director due to misconduct, so as to ensure that such arrangements are consistent with the terms of the relevant contract; where such arrangements are not consistent with the terms of the relevant contract, the relevant compensation shall also be reasonable and appropriate;
- (10) To handle the share ownership scheme arrangements proposed by directors and senior management for their affiliated subsidiaries;
- (11) To ensure that no director or any of his associates (as defined in the Listing Rules) shall be involved in determining his own remuneration, and in respect of a director who also serves as a member of the Remuneration Committee, his remuneration shall be determined by the other members of the Remuneration Committee;
- (12) To review and/or approve matters relating to share schemes as set out in Chapter 17 of the Listing Rules;
- (13) To handle other matters authorized by the Board of Directors;
- (14) To handle other matters as stipulated by laws, administrative regulations, the Listing Rules, the provisions of the China Securities Regulatory Commission, the relevant regulatory rules of the securities regulatory authorities and stock exchanges where the Company's shares are listed, and the Articles of Association.

Where the Board of Directors rejects or does not fully adopt the recommendations of the Remuneration Committee, it shall record the opinions of the Remuneration Committee and the specific reasons for the non-adoption in the Board resolution and make disclosure thereof.

**Article 10** The remuneration plans or schemes proposed by the Remuneration Committee shall not prejudice the interests of the shareholders, and the Board of Directors shall have the right to veto any remuneration plan or scheme that prejudices the interests of the shareholders.

**Article 11** The Remuneration Committee shall be accountable to the Board of Directors of the Company. The remuneration plans for the Directors of the Company proposed by the Remuneration Committee shall be submitted to the Board of Directors for approval before being tabled at the shareholders' meeting for deliberation and adoption prior to implementation; the remuneration distribution schemes for the senior management of the Company shall be submitted to the Board of Directors for approval.

Pursuant to the Listing Rules, the above-mentioned directors' service contracts requiring shareholder approval include:

- (1) Contracts with a term exceeding three years; or
- (2) Contracts that explicitly stipulate that if the Company wishes to terminate the contract, it must give more than one year's notice or pay compensation or other sums equivalent to more than one year's remuneration.

The Remuneration Committee shall express its views on the above-mentioned directors' service contracts requiring shareholder approval, inform the shareholders whether the relevant terms of the contracts are fair and reasonable, whether the relevant contracts are in the overall interests of the Company and its shareholders, and give its views on how the shareholders (excluding shareholders who are directors and have a material interest in such service contracts and their associates) should vote.

**Article 12** The rights and obligations of the members of the Remuneration Committee are as follows:

- (1) To attend meetings of the Committee on time, express opinions on the matters discussed at the meetings and exercise voting rights;
- (2) To propose the topics for discussion at the meetings of the Committee;
- (3) To attend or observe relevant meetings of the Company, conduct investigations and research, and obtain the necessary reports, documents, data and other relevant information for the performance of their duties;
- (4) To fully understand the duties of the Committee and their own duties as members, be familiar with the Company's operation and management status, business activities and development situation relevant to their duties, and ensure that they have the ability to perform their duties;

- (5) To fully guarantee the working hours and energy required for the performance of their duties;
- (6) To perform other duties as stipulated by laws, administrative regulations, the Listing Rules, the provisions of the China Securities Regulatory Commission, the securities regulatory rules of the places where the Company's shares are listed, the Terms of Reference, and as required or delegated by the Board of Directors.

## **Chapter 4 Working Procedures**

**Article 13** Prior to making decisions, the Remuneration Committee shall obtain relevant information from relevant parties of the Company as follows:

- (1) The Company's key financial indicators and the fulfillment of business objectives;
- (2) The scope of work and main duties of the Company's senior management in charge;
- (3) The fulfillment of indicators involved in the performance appraisal system for the positions of Directors and senior management;
- (4) The business performance of Directors and senior management in terms of business innovation capability and profit-making capability;
- (5) The relevant calculation basis for formulating the Company's remuneration distribution plan and distribution method according to the Company's performance.

**Article 14** The procedures for the Remuneration Committee to conduct performance appraisals on Directors and senior management are as follows:

- (1) The Company's Directors and senior management shall submit work reports and self-evaluations to the Remuneration Committee of the Board of Directors;
- (2) The Remuneration Committee shall conduct performance appraisals on Directors and senior management in accordance with the performance evaluation criteria and procedures;
- (3) Put forward the remuneration amounts and reward methods for Directors and senior management based on the results of the position performance appraisals and the remuneration distribution policies, and submit them to the Company's Board of Directors after being voted and approved.

## **Chapter 5 Terms of Reference**

**Article 15** Meetings of the Remuneration Committee shall be divided into regular meetings and extraordinary meetings. At least one regular meeting shall be held each year, and extraordinary meetings shall be convened from time to time as required. An extraordinary meeting shall be convened if any of the following circumstances arises:

- (1) When the Board of Directors deems it necessary;
- (2) When the Chairman of the Remuneration Committee deems it necessary;
- (3) When proposed by two or more members.

**Article 16** Meeting notices and meeting materials shall be sent to all members three days prior to the convening of the meeting. The content of the meeting notice shall include the meeting format, time, venue, duration, agenda, date of dispatch of the notice and relevant materials, and the notice may be delivered in person, by post, by email or by fax. In case of an emergency requiring the convening of a meeting as soon as possible, a meeting notice may be given at any time by telephone or other oral means, provided that the Chairman of the Remuneration Committee shall give explanations at the meeting.

**Article 17** Upon receipt of the meeting notice, each member shall promptly confirm the same and provide feedback on relevant information (including but not limited to whether he or she will attend the meeting and his or her schedule, etc.) in an appropriate manner.

**Article 18** Each member shall attend meetings in person. If a member is unable to attend a meeting in person due to any reason, he or she may entrust another member of the Committee in writing to attend the meeting on his or her behalf. Where a member neither attends a meeting of the Remuneration Committee nor entrusts a representative to attend, he or she shall be deemed to have waived his or her right to vote at such meeting.

**Article 19** Meetings of the Remuneration Committee shall be presided over by the Chairman of the Remuneration Committee. If the Chairman is unable to preside over the meeting or fails to perform his or her duties, he or she may entrust another member who is an Independent Non-executive Director to preside over the meeting, or a member may be elected by a majority of the attending members to preside over the meeting.

**Article 20** A meeting of the Remuneration Committee shall not be held unless attended by two-thirds or above of the members; each member shall have one vote; any resolution passed at a meeting must be approved by a majority of all the members.

**Article 21** Voting at meetings of the Remuneration Committee shall be conducted by way of recorded vote. On the premise of ensuring that members can fully express their opinions, resolutions may also be adopted by way of correspondence vote, which shall be signed by the participating members.

**Article 22** Meetings of the Remuneration Committee may be convened by appropriate means including in-person meetings, telephone conferences, video conferences, circulation of documents, fax and email.

**Article 23** Where necessary, meetings of the Remuneration Committee may invite the Company's Directors, senior management and external consultants to attend as observers. Observers may provide explanations or clarifications on matters discussed at the meetings, but non-members shall have no voting rights.

**Article 24** Where necessary, the Remuneration Committee may engage intermediary institutions to provide professional opinions for its decision-making, and the expenses shall be borne by the Company.

**Article 25** Where a member of the Remuneration Committee has a direct or indirect interest in the matters discussed at a meeting, such member shall withdraw from voting.

**Article 26** The procedures for convening meetings of the Remuneration Committee, the method of voting and the resolutions adopted at the meetings must comply with the provisions of the relevant laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the jurisdictions where the Company's shares are listed, the Articles of Association and the Terms of Reference.

**Article 27** Minutes shall be kept for meetings of the Remuneration Committee. Members attending the meeting and the person taking the minutes shall sign the minutes, which shall be filed and kept by the Secretary of the Board of Directors of the Company for a retention period of not less than 10 years.

**Article 28** The resolutions adopted at the meetings of the Remuneration Committee and the voting results shall be submitted to the Board of Directors of the Company in writing.

**Article 29** All members attending the meeting and observers attending the meeting shall be obligated to keep confidential the matters discussed at the meeting and shall not disclose relevant information without authorization.



## Chapter 6 Supplementary Provisions

**Article 30** Matters not covered in the Terms of Reference shall be handled in accordance with the provisions of laws, administrative regulations, departmental rules, normative documents, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchanges of the jurisdictions where the Company's shares are listed as well as the Articles of Association, combined with the actual circumstances of the Company. In the event of any conflict between the Terms of Reference and the provisions of the laws, administrative regulations, departmental rules, normative documents, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchanges of the jurisdictions where the Company's shares are listed as well as the Articles of Association issued from time to time, the provisions of the aforesaid laws, administrative regulations, departmental rules, normative documents, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchanges of the jurisdictions where the Company's shares are listed as well as the Articles of Association shall prevail.

**Article 31** For the purpose of the Terms of Reference, the terms "above", "within" and "not more than" shall include the figure itself; the terms "less than", "beyond", "below", "more than" and "exceeding" shall exclude the figure itself.

**Article 32** The Terms of Reference shall be interpreted by the Board of Directors.

**Article 33** The Terms of Reference shall be considered and approved by the Board of Directors of the Company and shall take effect on the date on which the H shares issued by the Company are filed with the CSRC and listed and traded on The Stock Exchange of Hong Kong Limited.

Impression Dahongpao Co., Ltd.  
Board of Directors