

# **Epiworld International Co., Ltd.**

## **Terms of Reference of the Remuneration Committee of the Board of Directors**

### **Chapter 1 General Provisions**

**Article 1** To further refine the Company's performance appraisal and remuneration management system for directors (including executive directors and non-independent non-executive directors, same below) and senior management and improve the corporate governance structure, the Company has formulated the Terms of Reference in accordance with the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Listing Rules"), the Articles of Association of Epiworld International Co., Ltd. (hereinafter referred to as the "Articles of Association") and other relevant regulations.

**Article 2** The Remuneration Committee (the "Committee") is a specialized working body established by the Board of Directors (the "Board") pursuant to a resolution of the shareholders' general meeting. It is primarily responsible for formulating and reviewing the remuneration policies and plans for the Company's directors and senior management, and establishing assessment standards for, and conducting performance appraisals of, the Company's directors and senior management. The Committee reports its work to the Board.

**Article 3** For the Terms of Reference, the term "directors" refers to the chairman of the Board and directors who receive remuneration from the Company. The term "senior management" refers to the general manager, deputy general manager(s), chief financial officer, the secretary to the Board, and other senior management members as specified in the Articles of Association, all of whom are appointed by the Board.

### **Chapter 2 Composition**

**Article 4** The Committee shall consist of three members, with independent non-executive directors constituting the majority.

**Article 5** Members of the Committee shall be nominated by the chairman of the Board, more than one-half of independent non-executive directors, or one-third of all the directors, and shall be elected by the Board.

**Article 6** The Committee shall have one chairperson (convener), who shall be an independent non-executive director and shall be responsible for presiding over the work of the Committee. The chairperson shall be elected from among the members of the Committee and appointed upon approval by the Board.

**Article 7** The term of office of the Committee shall be in congruence with that of directors and members of the Committee may serve consecutive terms if re-elected upon the expiry of their terms of office. If any member of the Committee no longer maintains the position as a director during the term of office, he/she shall automatically lose membership qualification, and the Committee shall fill up the vacancy in accordance with the aforesaid regulations.

**Article 8** The Committee may establish a working group under it, which shall be specifically responsible for providing relevant materials of the personnel to be assessed, preparing for the meetings of the Committee, and implementing relevant resolutions of the Committee.

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

**Article 9** The main duties and authorities of the Committee are:

- (I) To formulate remuneration plans or proposals based on the primary scope, responsibilities, and importance of the management positions of directors and senior management, as well as the remuneration levels for relevant positions in society;
- (II) Remuneration plans and proposals mainly include, but are not limited to: performance evaluation criteria, procedures, and the primary evaluation system, main plans and systems for rewards and penalties, etc.;
- (III) To review the performance of duties by the Company's directors and senior management and conduct annual performance appraisals for them;
- (IV) To be responsible for supervising the implementation of the Company's remuneration policy;
- (V) In accordance with national laws and regulations, to draft the Company's employee incentive plans, assessment management measures, and other related supporting systems, and make recommendations to the Board;
- (VI) Other matters as stipulated by laws, regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed, the Terms of Reference, and as authorized by the Board.

**Article 10** The Board and the shareholders' general meeting shall have the authority to veto any remuneration plans or proposals that harm the interests of shareholders.

**Article 11** Remuneration plans for the Company's directors proposed by the Committee must be submitted to the Board for review and approval, and then submitted to the shareholders' general meeting for review and approval before they can be implemented. The remuneration distribution plan for the Company's senior management shall be submitted to the Board for review and approval.

### **Chapter 4 Decision-making Procedures**

**Article 12** The Company shall designate specific personnel to be responsible for making preliminary preparations for the Committee's decision-making and providing relevant materials:

- (I) Provide information on the completion of the Company's key financial and operating indicators;
- (II) Provide information on the scope of work and primary responsibilities of the Company's senior management;

- (III) Provide information on the completion status of indicators involved in the performance evaluation system for directors and senior management;
- (IV) Provide information on the operational performance of directors and senior management in terms of business innovation capability and profit-generating ability;
- (V) Provide relevant calculation bases for the Company's remuneration distribution plans and distribution methods.

**Article 13** The evaluation procedures of the Committee for directors and senior management are as follows:

- (I) The Company's directors and senior management present their work reports and self-assessments to the Committee of the Board;
- (II) The Committee conducts performance evaluations for the directors and senior management in accordance with performance evaluation standards and procedures;
- (III) Based on the results of the position performance evaluations and the compensation distribution policies, the Committee proposes the remuneration amounts and reward methods for the directors and senior management, which are then reported to the Board after being approved through voting.

## **Chapter 5 Rules of Procedure**

**Article 14** Notice of a Committee meeting shall be delivered to all the members two days prior to the meeting. With the unanimous consent of all members, the aforementioned notice period may be waived. The meeting shall be presided over by the chairperson. When the chairperson cannot attend a meeting, he/she may appoint another member (an independent non-executive director) to preside over the meeting on his/her behalf.

**Article 15** Meetings of the Committee shall be held only with the presence of more than two-thirds of members. Each member shall be entitled to one vote. The resolutions made at the meeting shall be approved by more than half of all the members.

**Article 16** Voting at a meeting of the Committee shall be conducted by a show of hands or by poll. Extraordinary meetings may be convened in the form of vote by correspondence. Meetings convened by correspondence include teleconferences, video conferences, and meetings conducted via written proposals.

**Article 17** The Committee may, as necessary, invite directors, supervisors and senior management members of the Company to attend its meetings as non-voting attendees.

**Article 18** Members of the Committee shall attend meetings in person and deliver explicit opinions on matters under consideration. In the event that a member is unable to attend a meeting in person for any reason, the said member may submit a power of attorney signed by him/her, authorizing another member to attend the meeting and express opinions on his/her behalf. The power of attorney shall specify the scope and duration of authorization.

**Article 19** If necessary, the Committee may engage intermediaries to provide professional opinions for its decision-making at the cost of the Company.

**Article 20** When a Committee meeting discusses matters related to its members, the individuals involved shall withdraw from the meeting. When the Committee evaluates or discusses the compensation of a director attending the meeting as a non-voting attendee, the said director shall withdraw from the meeting.

**Article 21** The convening procedure and voting method of the meetings of the Committee and the remuneration policies and distribution plans passed at such meetings shall comply with relevant laws, regulations, securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association and the Terms of Reference.

**Article 22** The Committee shall keep minutes of the meetings, specifying the following: the date, time, place, presider, attendees and agenda in respect of the meeting, key points of each speaker's comments on each matter under consideration, and the voting result on each matter. Members in attendance shall sign the meeting minutes. If any member has a dissenting opinion regarding the minutes, such opinion shall be stated at the time of signing. The meeting minutes shall be maintained by the secretary to the Board.

**Article 23** Resolutions passed by, and the voting results of, a meeting of the Committee shall be reported in writing to the Board.

**Article 24** Members attending the meeting are obligated to keep confidential the matters discussed at the meeting and shall not disclose the relevant information without authorization.

## **Chapter 6 Supplementary Provisions**

**Article 25** The Terms of Reference shall take effect and be implemented from the date on which the overseas listed shares (H Shares) issued by the Company are listed on The Stock Exchange of Hong Kong Limited, subject to approval by a resolution of the Board.

**Article 26** Any matters not covered herein shall be implemented in accordance with relevant national laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association. In the event of any inconsistency between the Terms of Reference and national laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association as amended through lawful procedures, the latter shall prevail.

**Article 27** References herein to "above" or "within" shall include the number itself; references to "exceed," "over," "more than," "less than," "below," or "under" shall exclude the number itself.

**Article 28** The Terms of Reference are subject to the interpretation of the Board of the Company.

Epiworld International Co., Ltd.

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