

**Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd.**

**Terms of Reference of the Remuneration and  
Appraisal Committee of the Board of Directors**

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** In order to improve the governance structure of Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (hereinafter referred to as the “Company”), 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 Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (hereinafter referred to as the “Articles of Association”) and other relevant regulations, the board of directors of the Company has established a special committee, namely the remuneration and appraisal committee of the board of directors (hereinafter referred to as the “Remuneration and Appraisal Committee”), and formulated these terms of reference.

**Article 2** The Remuneration and Appraisal Committee is a special function established by the board of directors in accordance with the Articles of Association, which is primarily responsible for establishing assessment criteria and conducting evaluations of directors and senior management of the Company; formulating and reviewing remuneration policies and schemes for directors, managers and other senior management of the Company, and it shall be accountable to the board of directors.

**Article 3** For the purposes of this article, directors refer to the directors who receive remuneration from the Company; senior management refers to the general manager, deputy general managers, board secretary, chief financial officer as appointed by the board of directors, and other senior management proposed by the general manager to the board of directors for approval. For the purposes of these terms of reference, “remuneration” includes but is not limited to all the salaries, bonus, allowances, benefits (in cash or in kind), pension, compensation (including the compensation payable for loss or termination of office or appointment), grant of options and shares.

## CHAPTER 2 COMPOSITION

**Article 4** The Remuneration and Appraisal Committee shall consist of three directors, with an independent non-executive director acting as the convener, and the majority of its members shall be independent non-executive directors.

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

**Article 6** The Remuneration and Appraisal Committee shall have one chairperson (convener), who shall be an independent non-executive director, and shall be responsible for convening the meeting of the committee and presiding over the work of the committee. The chairperson shall be elected by the committee and shall be subject to the approval of the board of directors.

**Article 7** The term of office of members of the Remuneration and Appraisal Committee shall be consistent with their term of office on the board of directors, and the members are eligible for re-election upon the expiration of their term. During his/her term of office, if any member ceases to serve as a director of the Company, or if any member who has had the capacity of an independent non-executive director ceases to have the independence as required by the laws and regulations, the Articles of Association or the Hong Kong Listing Rules, he/she shall automatically lose his/her membership of the committee. Members may submit their written resignation reports to the board of directors before the expiration of their term of office. The resignation report shall provide necessary explanations on the reasons for resignation and matters that require the attention of the board of directors, and the vacancy shall be filled by the board of directors in accordance with the provisions of Articles 4 to 6 above. The substitute member(s) shall hold office until the expiration of his/her term of office as a director. A member of the committee shall not, before the expiry of his/her term of office, be relieved of his/her duties without cause except for the situations specified in the laws, regulations, the Articles of Association or the Hong Kong Listing Rules.

**Article 8** The Remuneration and Appraisal Committee shall establish a remuneration and assessment working team, whose specific work shall be the responsibility of the human resources department of the Company, and shall be assisted by the office of the board of directors. The working team is exclusively responsible for providing information on the operation of the Company and relevant information of the appraisees, preparing for meetings of the Remuneration and Appraisal Committee and executing relevant resolutions of the Remuneration and Appraisal Committee.

### **CHAPTER 3 DUTIES AND AUTHORITIES**

**Article 9** The Remuneration and Appraisal Committee should make available its terms of reference on the websites of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) and the Company, explaining its role and the powers delegated to it by the board of directors. The Company shall provide the Remuneration and Appraisal Committee with sufficient resources to perform its duties. The main duties and authorities of the Remuneration and Appraisal Committee are:

- (1) to research the assessment criteria of directors and senior management and make recommendations to the board of directors on the overall remuneration policy and framework for directors and senior management, and on the establishment of a formal and transparent procedure for formulating remuneration policy;
- (2) 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 to make recommendations to the board of directors on the remuneration of non-executive directors;
- (3) to review and approve the remuneration proposals of the management with reference to the corporate goals and objectives set by the board of directors;

- (4) to research, review and formulate remuneration policies, plans or schemes based on the main scope, duties and importance of the senior positions taken by directors and senior management and the remuneration level of the corresponding positions in other comparable companies, taking into account the remuneration paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group, in which the remuneration policies, plans or schemes shall mainly include, but not limited to, performance evaluation criteria, procedures and major evaluation systems, major schemes and systems of rewards and penalties, etc.;
- (5) to review and approve the compensation payable to executive directors and senior management for the loss or termination of their duties or appointments to ensure that such compensation is consistent with contractual terms and is otherwise fair and reasonable and not excessive;
- (6) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate;
- (7) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- (8) to examine the performance of duties by directors (excluding independent non-executive directors) and senior management of the Company, and to conduct their annual performance appraisals;
- (9) to be responsible for supervising the implementation of the Company's remuneration system;
- (10) to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules (as amended and supplemented from time to time);
- (11) to consult with the chairman of the board of directors and/or general manager about the remuneration proposals for other executive directors. The Remuneration and Appraisal Committee may seek independent professional advice if required;
- (12) other matters required by the laws, regulations, the Articles of Association and the securities regulatory authority of the place where the Company's shares are listed, and authorized by the board of directors.

**Article 10** The remuneration policies and plans for the directors of the Company proposed by the Remuneration and Appraisal Committee shall be reported to the board of directors for approval and submitted to the shareholders' meeting for consideration and approval before implementation; the remuneration distribution plan for the senior management of the Company shall be reported to the board of directors for approval.

## CHAPTER 4 RULES OF PROCEDURE

**Article 11** The Remuneration and Appraisal Committee shall hold meetings at least once each year. Interim meetings may be convened upon the proposal of the convener or more than half of the members.

**Article 12** A meeting of the Remuneration and Appraisal Committee shall be convened and presided over by the convener. Where the convener is unable to present, he/she may appoint another member (independent non-executive director) to preside over the meeting. Where the convener fails to perform such duties, a member jointly elected by more than half of the members shall be responsible for convening and presiding over the meeting.

**Article 13** Where a meeting of the Remuneration and Appraisal Committee is to be convened, all members shall be notified three days prior to the meeting.

**Article 14** Meetings of the Remuneration and Appraisal Committee shall be held in the presence of more than two-thirds of the members. Each member shall have one vote. Resolutions made at the meeting must be passed by over half of all members.

**Article 15** The voting at a meeting of the Remuneration and Appraisal Committee may be conducted by show of hands or by poll. Meetings of the Remuneration and Appraisal Committee may be convened in the form of vote by communications.

**Article 16** The Remuneration and Appraisal Committee may, as necessary, invite the Company's directors, senior management and personnel other than the members of the Remuneration and Appraisal Committee to attend the meeting.

**Article 17** If necessary, the Remuneration and Appraisal Committee may engage intermediary agencies to provide professional advice to facilitate its decision-making at the cost of the Company.

**Article 18** When a meeting of the Remuneration and Appraisal Committee is held to discuss any issue related (connected) to a member of the committee at a meeting, such related (connected) member shall abstain from the meeting. Such meeting of the Remuneration and Appraisal Committee may be held as long as it is attended by over half of non-related (connected) members, and resolutions made at the meeting shall be subject to approval by over half of non-related (connected) members. Where the number of non-related (connected) members attending the meeting is less than half of the total number of non-related (connected) members of the Remuneration and Appraisal Committee, such issue shall be submitted to the board of directors for consideration.

**Article 19** The convening procedure and voting method of a meeting of the Remuneration and Appraisal Committee as well as the resolutions passed at the meeting shall comply with relevant laws and regulations as well as the provisions of the Articles of Association and these terms of reference.

**Article 20** Meetings of the Remuneration and Appraisal Committee shall have minutes. The minutes shall be signed by members present at the meeting and maintained by the secretary to the board of directors.

**Article 21** The resolutions passed at the meeting of the Remuneration and Appraisal Committee and the poll results shall be reported to the board of directors in writing.

**Article 22** The Company shall disclose directors' remuneration policies, details of any remuneration payable to senior management by band and other remuneration related matters in its annual report in accordance with relevant requirements of the Hong Kong Listing Rules.

**Article 23** Members and relevant personnel attending the meeting are obliged to maintain confidentiality regarding the matters at the meeting. Without consideration and approval at the shareholders' meeting or from the board of directors and before the public disclosure of such matters, they shall not disclose any relevant information to anyone without authorization, except for statutory reasons or compulsory orders from the competent authorities.

## **CHAPTER 5 SUPPLEMENTAL PROVISIONS**

**Article 24** Matters not covered in these terms of reference shall be dealt with in accordance with the laws, regulations, normative documents and the relevant provisions of the securities regulatory authority of the place where the Company's shares are listed, taking into account the actual situation of the Company. In the event of any conflict between these terms of reference and the laws, regulations, normative documents and the provisions of the securities regulatory authority of the place where the Company's shares are listed as promulgated from time to time, the laws, regulations, normative documents and the provisions of the securities regulatory authority of the place where the Company's shares are listed shall prevail.

**Article 25** All references in these terms of reference to "more than" shall include the relevant number itself.

**Article 26** These terms of reference shall be interpreted and amended by the board of directors of the Company.

**Article 27** These terms of reference were considered and approved by the board of directors and shall come into effect and be implemented on the date when the publicly issued H Shares of the Company are listed and traded on the main board of the Hong Kong Stock Exchange.

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