

# **Guoquan Food (Shanghai) Co., Ltd.**

## **鍋圈食品(上海)股份有限公司**

### **REMUNERATION COMMITTEE OF THE BOARD – TERMS OF REFERENCE**

#### **Chapter I General Provisions**

**Article 1** To further formulate and refine the appraisal and remuneration management rules for the directors and senior management officers of Guoquan Food (Shanghai) Co., Ltd. (hereinafter referred to as the “**Company**”), and to improve the corporate governance structure, the Company has established the Remuneration Committee under the Board of Directors (the “**Board**”) and formulate these terms of reference in accordance with the provisions of the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) and other relevant laws, administrative regulations, departmental rules, regulatory documents and the Articles of Association of Guoquan Food (Shanghai) Co., Ltd. (hereinafter referred to as the “**Articles of Association**”) and the Rules of Procedures for Meetings of the Board of Guoquan Food (Shanghai) Co., Ltd.

**Article 2** The Remuneration Committee is a specialized working organization established by the Board in accordance with the Articles of Association. It is mainly responsible for reviewing the appraisal standards and conducting appraisals of the Company’s directors and senior management officers, and responsible for researching and reviewing the remuneration policies and plans for the Company’s directors and senior management officers. The Remuneration Committee is accountable to and reports to the Board of Directors.

**Article 3** The directors mentioned in these terms of reference refer to the directors who receive remuneration from the Company; senior management officers refer to the general manager, deputy general manager, chief financial officer, secretary to the Board and other senior management officers who are recognized by the Board.

#### **Chapter II Composition**

**Article 4** The Remuneration Committee consists of three directors, of which independent non-executive directors constitute a majority.

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

**Article 6** The Remuneration Committee has a committee chairman, who is an independent non-executive director, and is responsible for presiding over the work of the committee and shall be elected by more than half of the Board.

**Article 7** The term of office of the members of the Remuneration Committee shall be consistent with the term of office of the directors, and the term of the members shall be consistent with the term of the directors of the same session. Upon expiration of the term of a member, such member may serve consecutive term if re-elected. During the term of office, if any member no longer serves as a director of the Company or a member who should have the status of an independent non-executive director no longer has the independence stipulated in the Articles of Association, such person will automatically lose his/her membership qualification and the Board will make up for the number of committee members in accordance with Articles 4 to 6.

**Article 8** The Remuneration Committee has set up a working group, which is a daily operation organization, specifically responsible for providing information on the Company's operations and the relevant information about the appraised personnel, organizing the meetings of the Remuneration Committee and implementing the relevant resolutions of the Remuneration Committee. The members of the working group need not be members of the Remuneration Committee.

### **Chapter III Duties and Powers**

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

- (I) Formulate remuneration plans or proposals based on the main duties, scope, importance, time commitment of the positions of directors and senior management officers and other necessary factors such as the remuneration level of relevant positions in society;
- (II) Remuneration plans or proposals mainly include, but are not limited to, performance evaluation standards, procedures and primary evaluation systems, major plans and systems for rewards and punishments, etc., and should include non-monetary benefits, pension rights and compensation amounts (including compensation for loss or termination of office or appointment);
- (III) Make recommendations to the Board on the remuneration packages of individual executive directors and senior management officers;
- (IV) Make recommendations to the Board on the remuneration of non-executive directors;
- (V) Consider the remuneration paid by similar companies, the time commitment and responsibilities as well as the employment conditions of other positions within the Group;
- (VI) Study the evaluation standards for directors and senior management officers and make recommendations to the Board, review the performance of duties by the Company's directors (non-independent non-executive directors) and senior management officers and conduct their annual performance appraisals;
- (VII) Review and approve compensation payable to the executive directors and senior management officers for loss or termination of office or appointment to ensure that such compensation is consistent with the terms of the contract; if not consistent with the terms of the contract, such compensation must be fair and reasonable and not excessive;

- (VIII) Review and approve the compensation arrangements involved in the dismissal or removal of directors due to misconduct to ensure that such arrangements are consistent with the terms of the contract; if not consistent with the terms of the contract, such compensation must be reasonable and appropriate;
- (IX) Ensure that no director or any of his/her associates is involved in the determination of his/her own remuneration;
- (X) Responsible for supervising the implementation of the Company's remuneration rules and review the relevant remuneration policies on a regular basis;
- (XI) Review and/or approve matters related to share schemes as described in Chapter 17 of the Hong Kong Listing Rules;
- (XII) Other matters authorized by the Board.

**Article 10** The Remuneration Committee is accountable to the Board. Proposals of the Remuneration Committee shall be submitted to the Board for consideration and decision.

**Article 11** The remuneration plan for the Company's directors proposed by the Remuneration Committee must be reported to and approved by the Board, and then submitted to the general meeting of shareholders for review and approval before implementation; the remuneration distribution plan for the Company's senior management officers must be reported to the Board for approval before implementation.

**Article 12** The Board has the power to veto remuneration plans or proposals that prejudice the interests of shareholders.

#### **Chapter IV Decision-making Process**

**Article 13** The working group under the Remuneration Committee is responsible for making preliminary preparation work for decision-making by the Remuneration Committee and providing information on the following relevant aspects of the Company:

- (I) the completion status of the Company's major financial indicators and operating indicators;
- (II) the responsible scope of work and main duties of the senior management officers of the Company;
- (III) the completion status of the indicators involved in the work performance appraisal system for the positions of directors and senior management officers;
- (IV) the operating performance of the directors and senior management officers in terms of business innovation capabilities and profit-generating capabilities;
- (V) the relevant calculation basis for the Company's proposed remuneration allocation plan and distribution method in accordance with the Company's performance.

**Article 14** The Remuneration Committee's appraisal and evaluation procedures for directors and senior management officers are as follows:

- (I) The directors and senior management officers of the Company report their work and self-evaluation to the Remuneration Committee of the Board;
- (II) The Remuneration Committee conducts performance appraisal on the directors and senior management officers in accordance with the performance appraisal standards and procedures;
- (III) Make proposal on the amount of remuneration and the method of rewards for the directors and senior management officers according to the performance appraisal results of their positions and the remuneration distribution policy for voting and approval before submission to the Board of the Company.

**Article 15** If necessary, the Remuneration Committee may engage an intermediary to provide professional advice for its decision-making, and the relevant reasonable expenses shall be borne by the Company.

## **Chapter V Rules of Procedures**

**Article 16** The Remuneration Committee meetings are divided into regular meetings and extraordinary meetings. Regular meetings of the Remuneration Committee shall be convened at least once a year, shall be notified to all members of the committee five days before the date of the regular meeting and shall be convened and presided over by the committee chairman, and if the committee chairman is unable to perform his/her duties, he/she may appoint another member (an independent non-executive director) to convene and preside over the meeting.

An extraordinary meeting of the Remuneration Committee shall be notified to all members two days before convening the meeting. The aforesaid notice period may be waived under unanimous consent of all members.

The means of notification include personal delivery, fax, letter, e-mail and telephone, etc.

**Article 17** The notice of meeting of the Remuneration Committee shall at least include the following:

- (I) Time and place of convening the meeting;
- (II) The duration of the meeting;
- (III) Topics to be discussed at the meeting;
- (IV) The contact person of the meeting and his/her contact information;
- (V) The date of the notice of the meeting.

If the notification is made by telephone, it shall contain at least the contents as set out in items (I) and (II) above, and a written record must be prepared and the meeting documents must be dispatched to all members before the meeting.

**Article 18** Meetings of the Remuneration Committee may be held in the form of on-site meetings and conduct voting by registered ballot. With the unanimous consent of all members, the meeting may be convened by video, telephone or written submission and pass resolutions.

**Article 19** A meeting of the Remuneration Committee shall be held only by the presence of more than two-thirds of the members (including the members who have appointed other members in writing to attend the meeting on their behalf); each member has one vote; resolutions made at the meeting must be passed by more than half of all members.

**Article 20** If a member of the Remuneration Committee appoints another member to attend the meeting and exercise voting right on his/her behalf, he/she shall submit a power of attorney to the chairman of the meeting. The power of attorney shall state the name of the proxy, matters to be handled by the proxy, the scope of authorization and the validity period, and shall be signed or sealed by the appointer. If any voting matter is involved, the appointer shall clearly express his/her consent, objection or abstention on each matter in the power of attorney. Members shall not make or accept an appointment of proxy without voting intention, an appointment with full discretion or an appointment with unclear scope of authorization. A valid power of attorney shall be submitted to the chairman of the meeting no later than before the voting at the meeting.

**Article 21** If a member of the Remuneration Committee neither attends the meeting in person nor appoints another member to attend the meeting on his/her behalf, he/she is deemed to be absent from the relevant meeting. If a member of the Remuneration Committee fails to attend two consecutive meetings and has not appointed other members to attend on his/her behalf, he/she is deemed to be unable to perform his/her duties and powers properly, and the Board may remove him/her from his/her position as a member.

**Article 22** Upon completion of voting by the members at a meeting, the voting results of each member shall be collected and counted in a timely manner. If the meeting is held on-site, the chairman of the meeting shall announce the voting results on the spot; if voting is conducted at an off-site meeting, the chairman of the meeting shall notify all committee members in writing of the voting results within three days after expiration of the voting time limit.

**Article 23** Members of the working group may attend the meeting of the Remuneration Committee as non-voting delegates, and directors, supervisors and senior management officers of the Company may be invited to attend the meeting as non-voting delegates, if necessary.

**Article 24** When the meeting of the Remuneration Committee discusses issues related to committee members, the parties concerned should avoid participation.

**Article 25** The procedures for convening the meeting of the Remuneration Committee, the voting method and the remuneration policy and distribution plan adopted at the meeting must comply with the provisions of the relevant laws, administrative regulations, other regulatory documents, the Hong Kong Listing Rules, the Articles of Association and these terms of reference.

**Article 26** Minutes of the meetings shall be kept by the Remuneration Committee. The first draft and final version of the minutes of meetings shall be dispatched to all members present at the meeting within a reasonable period of time after the meeting for expression of opinions on the first draft and for record purpose with the final version, and members who have attended the meeting shall sign on the minutes of meeting; the minutes of meetings shall be kept by the secretary to the Board of the Company, and shall be kept for at least 10 years during the existence of the Company.

**Article 27** The resolutions and voting results adopted at the meetings of the Remuneration Committee shall be submitted in writing to the Board of the Company.

**Article 28** Members attending the meeting and persons attending the meeting as non-voting delegates are obligated to keep confidential the matters discussed at the meeting and shall not disclose the relevant information without authorization.

## **Chapter VI Annual General Meeting**

**Article 29** The chairman of the committee is required to attend the annual general meeting of the Company and be prepared to answer any questions raised by shareholders on matters relating to the Remuneration Committee.

**Article 30** If the chairman of the Remuneration Committee is unable to attend the annual general meeting of the Company, he/she must make arrangement for another committee member to attend the general meeting. Such person shall be prepared to answer questions raised by shareholders regarding the work of the Remuneration Committee at the annual general meeting.

## **Chapter VII Supplemental Provisions**

**Article 31** Unless otherwise specified, the terms used in these terms of reference shall have the same meaning as those used in the Articles of Association.

**Article 32** The term “above” mentioned in these terms of reference includes the original number; “within” includes the original number; “exceeds” and “less than” do not include the original number.

**Article 33** For any matters not covered by these terms of reference, the Company shall comply with the relevant laws, administrative regulations, departmental rules and other regulatory documents, as well as the Hong Kong Listing Rules, the Articles of Association, the resolutions of the Company’s general meetings or provisions of other relevant rules and regulations for implementation; if these terms of reference are inconsistent with the provisions of the relevant laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association as amended by legal procedures, the provisions of the relevant laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association shall prevail for implementation.

**Article 34** The Board shall be responsible for the formulation and amendment of these terms of reference, as well as their interpretation.

**Article 35** These terms of reference, after being considered and approved by the Board of the Company, shall take effect from the date of listing and trading of the overseas listed foreign shares (H Shares) on The Stock Exchange of Hong Kong Limited upon initial public offering of the Company for implementation.