

ZHI SHENG GROUP HOLDINGS LIMITED

智昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8370)

Terms of Reference for Remuneration Committee

1. Constitution

The board of Directors (the “**Board**”) has on 19 December 2016 resolved to establish a committee of the Board to be known as the Remuneration Committee (the “**Committee**”) with effect from the listing date of Zhi Sheng Group Holdings Limited (the “**Company**”).

2. Functions and Objectives

The Committee is appointed by the Board with a view to:

- (a) establish and apply a formal and transparent procedure for setting remuneration policy and for overseeing the remuneration packages of directors and senior management; and
- (b) ensure that procedures and principles for fixing packages of all directors and senior management are proper so that the levels of remuneration of directors commensurate with their qualifications and competencies, and that such remuneration is sufficient to attract and retain the directors and senior management but not excessive.

3. Composition

- 3.1 The members of the Committee shall be appointed by the Board and shall consist of at least three members, a majority of whom shall be independent non-executive directors of the Company.
- 3.2 The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive Director.

4. Attendance at Meetings

- 4.1 The Committee may invite the Chairman of the Company, the Managing Director, any executive Directors, member of senior management or other individual to attend meetings of the Committee as it considers appropriate but such executive Directors, member of senior management or other individuals are not entitled to vote at the meetings.
- 4.2 The Company Secretary of the Company or his or her nominee shall be the secretary of the Committee.

4.3 No Director should be involved in and shall abstain from discussion in deciding the nomination of his associates.

5. Proceedings of Meetings

5.1 The meetings and proceedings of the Committee are governed by the provisions of the Articles of Association of the Company for regulating the meetings and proceedings of the Board, except for otherwise determined by the Board from time to time.

5.2 The quorum for meetings shall be two members of the Committee.

5.3 The Chairman, in consultation with the Director responsible for human resources function (“**Responsible Director**”) and the secretary of the Committee, should be primarily responsible for drawing up and approving the agenda for each Committee meeting. The Chairman, with the assistance of the secretary, shall ensure that all members shall receive sufficient information in a timely manner to enable effective discussion at the Committee meeting. The Chairman shall, with the assistance of the Responsible Director, brief all members on issues arising at each Committee meeting.

6. Frequency of meeting

Meetings shall be held at least once a year and at such times as the Committee determines is appropriate to carry out its responsibilities.

7. Authorities

7.1 The authority of the Committee is derived from the Board, therefore the Committee is obliged to report to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions in doing so.

7.2 The Committee should consult the Chairman of the Company or the Managing Director of the Company on their remuneration proposals for other executive directors and senior management.

7.3 The Committee is and may, from time to time, seek advice from special personnel consulting groups so as to ensure that the Board remains informed of market trends and practices. The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants to advise its members.

7.4 The Company should provide the Committee sufficient resources to perform its duties. Where necessary, the Committee should seek independent professional advice, at the Company’s expense, to perform its responsibilities.

8. Duties of the committee

- 8.1 In addition to any other responsibilities which may be assigned from time to time by the Board, the duties of the Committee shall be:
- (a) to make recommendation to the Board on the Company's policy and structure for all Directors and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - (b) 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 office or appointment;
 - (c) to make recommendations to the Board on the remuneration of non-executive Directors;
 - (d) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
 - (e) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Company and its subsidiaries;
 - (f) to review and approve the 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;
 - (g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;
 - (h) to ensure that no Director or any of his associates is involved in deciding his own remuneration;
 - (i) with respect to any service contracts of Directors that require shareholders' approval under Rule 17.90 of the GEM Listing Rules, to advise the Board as to whether the terms are fair and reasonable, whether such contracts are in the interests of the Company and its shareholders as a whole;
 - (j) to appraise the Board of significant developments in the course of performing the above duties;
 - (k) to make available the terms of reference, explaining the role of the Committee and the authority delegated to it by the Board by including them on the websites of the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and the Company;

- (l) to ensure the Company disclose details of any remuneration payable to members of senior management by band in the annual reports of the Company; and
 - (m) to do any such things to enable the Committee to perform its functions conferred on it by the Board.
- 8.2 In determining any specific package, the Committee shall take into account factors such as salaries paid by comparable companies, time commitment, responsibilities, employment conditions elsewhere in the Group and whether any part of the remuneration package should be performance-based.
- 8.3 The Chairman of the Committee or in the absence of the Chairman, another member of the Committee or failing this his duly appointed delegate, should be available to answer questions at the annual general meeting.

9. Reporting procedures

- 9.1 The secretary of the Committee shall record minutes of all duly constituted meetings of the Committee. All minutes shall record in sufficient details the matters considered, decisions reached or recommendations made and any concerns raised by any member including dissenting views.
- 9.2 The secretary shall circulate the draft and final versions of the minutes of meetings and reports of the Committee to all members for comments and records within a reasonable time after each meeting, subject to any legal or regulatory restrictions restricting such circulation or the making of such reports.
- 9.3 The Chairman of the Committee who chair the meetings or other Member who is authorised by the chairman of the Committee to chair the meetings shall report in the forthcoming regular Board meeting any key decisions made and shall table before the Board an index of meetings and issues discussed.

10. Interpretation

Interpretation of these terms of reference shall belong to the Board.

(The English version shall always prevail in case of any inconsistency between the English version and its Chinese translation.)

(Adopted by the Company pursuant to the Board's resolutions passed on 19 December 2016)