

蘭州莊園牧場股份有限公司  
(Lanzhou Zhuangyuan Pasture CO., LTD. \*)  
**Remuneration and Appraisal Committee of the Board of Directors**  
**Terms of Reference**

**Chapter 1 General**

**Article 1** Lanzhou Zhuangyuan Pasture CO., LTD.\* (the “Company”) has established a remuneration and appraisal committee (the “Remuneration and Appraisal Committee”) under the board of directors (the “Board”) and formulated these terms of reference (“Terms”) in accordance with pertinent laws and regulations, including the Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “Company Law”), the Corporate Governance Standards for Listed Companies (《上市公司治理準則》) and the Guidelines on the Regulated Operation for Companies Listed on the SME Board of Shenzhen Stock Exchange (《深圳證券交易所中小企業板上市公司規範運作指引》), Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (“Hong Kong Listing Rules”) and other regulatory documents and the Articles of Association of Lanzhou Zhuangyuan Pasture CO., LTD.\* (the “Articles”) and the Rules of Proceedings of the Board of Directors to perfect the corporate governance structure of the Company and further establish a sound regime for the administration of remuneration and appraisal for the Company’s directors and senior management.

**Article 2** The Remuneration and Appraisal Committee of the Board is a specialized institution set up by the Board in accordance with the Articles. It shall primarily be responsible for formulating standards and plans for the appraisal of the Company’s directors and senior management, examining the performance of duties by the Company’s directors and senior management and conduct annual appraisals thereof, and exercising supervision over the formulation and implementation of the Company’s remuneration regime.

**Article 3** The term “directors” referred to in these Terms shall include the chairman of the Board, vice chairman of the Board (chairman and vice chairman) and directors that receive remuneration from the Company; the term “senior management” shall include the general manager, deputy general manager, secretary of the Board and financial controller appointed by the Board and other senior management personnel as specified in the Articles.

**Chapter 2 Composition**

**Article 4** The Remuneration and Appraisal Committee shall comprise 3 directors, more than one half of which shall be independent non-executive directors.

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

**Article 6** The Remuneration and Appraisal Committee shall have one principal member (namely, chairman or convener), who shall be an independent non-executive director and

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responsible for overseeing the work of the Remuneration and Appraisal Committee. The committee chairman shall be elected with the affirmative votes of more than half of all members of the Remuneration and Appraisal Committee.

**Article 7** The term of office of a member of the Remuneration and Appraisal Committee shall be concurrent with that of the Board. A member of the Remuneration and Appraisal Committee may serve further terms if re-elected upon conclusion of his / her current term. If any committee member ceases to be a director of the Company during his / her term of office, he / she shall automatically cease to be a member of the Remuneration and Appraisal Committee. The vacancy shall be filled in accordance with Articles 4 to 6 of these Terms.

Where re-election is not conducted when due upon conclusion of the term of office of the Board, directors serving as members of the Remuneration and Appraisal Committee prior to the expiration shall continue to perform their duties as such in accordance with provisions of the laws, administrative regulations, departmental rules, the Articles and these Terms until the re-elected directors take office.

**Article 8** A working group comprising the secretary of the Board and the head of the human resources department of the Company shall be formed under the Remuneration and Appraisal Committee. The secretary of the Board shall be specifically responsible for providing information relating to the operations of the Company and information relating to personnel under appraisal, and for preparing meetings of the Remuneration and Appraisal Committee. The head of the human resources department of the Company shall be responsible for providing information relating to remuneration. The secretary of the Board and the head of the human resources department shall implement resolutions of the Remuneration and Appraisal Committee each according to his / her designated duties.

### **Chapter 3 Duties and Powers**

**Article 9** The primary duties and powers of the Remuneration and Appraisal Committee shall be as follows:

(1) To investigate, formulate, examine and make recommendations to the Board on general policies, standards and plans relating to remuneration for the Company's directors and senior management according to the principal scopes, duties and importance of their management positions and by reference to the level of remuneration and employment terms of comparable positions at other comparable companies;

App14-B.1.2 (a);

App14-B.1.2(c)(ii)

App14-B.1.2(c)(ii)

(2) Remuneration standards or plans shall include primarily, but not limited to, standards, procedures and key appraisal regimes for performance appraisal, non-monetary benefits, pension entitlements, as well as major plans and regimes for reward and punishment;

App14-B.1.2(b)

(3) To review the general remuneration policy and total annual remuneration of the Company and to inspect the implementation of the remuneration policy and annual remuneration;

(4) To consider standards for appraisal of directors and senior management of the Company; App14-B.1.2(d)

(5) To examine the performance of duties by the Company's directors (including non-executive directors) and senior management, conduct annual performance appraisals in respect of by the directors and senior management and make recommendations; App14-B.1.2(h)

(6) To exercise supervision over the implementation of the Company's remuneration regime; to ensure that no directors or their associates are allowed to determine their own remuneration; App14-B.1.2(e)

(7) To consider remuneration paid by similar companies, time committed and duties and the employment terms of other positions in the Group; App14-B.1.2(f)

(8) To review and approve compensations payable to executive directors and senior management for the loss or termination of their offices or appointments and ensure that such compensations are consistent with their contract terms or are otherwise fair and reasonable without being excessive if such compensations cannot be consistent with contract terms; App14-B.1.2(g)

(9) To review and approve compensation arrangements in connection with the dismissal or removal of directors by reason of their misconduct and ensure that such arrangements are consistent with their contract terms or are otherwise reasonable and appropriate if such compensations cannot be consistent with contract terms;

(10) Other matters as authorized by the Board;

(11) Other duties as stipulated by the China Securities Regulatory Commission and the Shenzhen Stock Exchange.

**Article 10** Implementation of remuneration standards for the directors of the Company proposed by the Remuneration and Appraisal Committee shall be subject to approval by the Board followed by consideration and approval at the general meeting;

Implementation of remuneration standards for the senior management of the Company proposed by the Remuneration and Appraisal Committee shall be subject to approval by the Board.

The Board shall have the powers to adjust and reject remuneration plans or proposals furnished by the Remuneration and Appraisal Committee which are prejudicial to shareholders' interests. App14-B.1.9

#### Chapter 4 Procedures for Decision-making

**Article 11** The working group formed under the Remuneration and Appraisal Committee shall be responsible for preliminary preparations for decision-making of the Remuneration and Appraisal Committee and provide relevant written information on the following:

(1) the extent of completion of the Company's key financial benchmarks and business targets;

(2) task allocation and principal duties of the Company's directors and senior management;

(3) the extent of completion of benchmarks involved in the job performance appraisal system for the directors and senior management;

(4) operating performance of the directors and senior management in relation to business innovation and profit generation;

(5) relevant arithmetic bases for the standards and methods of remuneration distribution determined on the basis of the Company's business results.

**Article 12** Procedures of the Remuneration and Appraisal Committee for the appraisal of directors and senior management:

(1) The Company's directors and senior management shall make reports on their performance of duties and self-appraisal to the Remuneration and Appraisal Committee;

(2) The Remuneration and Appraisal Committee shall conduct performance appraisal of the directors and senior management in accordance with the performance appraisal standards and procedures;

(3) The remuneration amounts and manners of reward for the directors and senior management shall be proposed on the basis of the job performance appraisal results and remuneration distribution policy and submitted to the Board of the Company after a favourable vote by committee members.

## **Chapter 5 Rules of Proceedings**

**Article 13** The Remuneration and Appraisal Committee shall meet at least annually, and a notice shall be given to all members seven days prior to any meeting. The meeting shall be presided over by the committee chairman. If the committee chairman is unable to attend, another member (being an independent non-executive director) may be appointed to preside over the meeting.

In case of emergency where an interim meeting of the Remuneration and Appraisal

Committee needs to be convened as soon as practicable, the notice of meeting may at any time be given through telephone or otherwise given verbally, provided that an explanation shall be made by the convener at the meeting.

The notice of meeting must state the time and venue of and matters to be considered at the meeting, and related resolutions must be attached to the notice of meeting.

**Article 14** The quorum for a meeting of the Remuneration and Appraisal Committee shall be more than two third of the members. Each member shall have one vote and any resolution of the meeting shall be passed by more than one half of all members.

A member of the Remuneration and Appraisal Committee may attend a meeting in person or appoint another member as proxy to attend the meeting and vote on his / her behalf. Each member may act as the proxy of at most one other member. A proxy purporting to exercise voting rights on behalf of two or more members shall be invalid.

A member of the Remuneration and Appraisal Committee who has not attended a meeting in person nor appointed another member as proxy to attend on his / her behalf shall be deemed as absent from the meeting. A member who is absent from two consecutive meetings shall be deemed as incapable of due performance of duties and the Board of the Company may remove him / her from the committee.

**Article 15** Voting at meetings of the Remuneration and Appraisal Committee shall be conducted by way of a show of hands or a poll. A Remuneration and Appraisal Committee meeting may be convened by way of on-site meeting, video conference or conference call.

**Article 16** The Remuneration and Appraisal Committee may request members of the working group to attend meetings of the Remuneration and Appraisal Committee. Directors, supervisors and senior management of the Company may also be invited to attend the meetings if deemed necessary by the Remuneration and Appraisal Committee, provided that attendees who are not members of the Remuneration and Appraisal Committee shall not be entitled to vote in respect of any resolutions

App14-B.1.4

**Article 17** The Remuneration and Appraisal Committee shall be provided with sufficient resources for the dispensation of its duties. Where necessary, the Remuneration and Appraisal Committee may engage intermediaries at the cost of the Company to provide professional advice in relation to its decisions.

App14-B.1.1

**Article 18** A member of the Remuneration and Appraisal Committee shall abstain from voting, in his / her own capacity or as proxy of other members, on any agenda relating to his / her personal interests discussed at a meeting of the committee.

**Article 19** The procedures for convening meetings of the Remuneration and Appraisal Committee and the voting methods adopted by and the remuneration policies and distribution plans passed at such meetings must be in compliance with the provisions of pertinent laws and regulations, other regulatory documents, Hong Kong Listing Rules, the Articles and these Terms.

**Article 20** The Remuneration and Appraisal Committee shall cause minutes of meeting to be kept in respect of its meetings. Members present at the meetings shall sign the minutes of meeting, which shall be kept by the secretary of the Board of the Company for a period of ten years. Minutes of meeting shall be distributed to members of the Remuneration and Appraisal Committee within a reasonable timeframe after the end of the meeting of the Remuneration and Appraisal Committee.

**Article 21** Resolutions passed and the results of voting at meetings of the Remuneration and Appraisal Committee shall be reported in writing to the Board of the Company.

**Article 22** Members of the Remuneration and Appraisal Committee and other personnel present at the meetings shall undertake the obligation to keep confidential all matters discussed at such meetings and refrain from disclosing relevant information without authorization.

## **Chapter 6 Miscellaneous**

**Article 23** These Terms shall come into effect on the date of listing of the Company following approval by the Board by way of a resolution.

**Article 24** Matters not provided for in these Terms shall be dealt with in accordance with relevant provisions of pertinent national laws and regulations, Hong Kong Listing Rules, other regulatory documents and the Articles. In the event that these Terms come into conflict with any national laws and regulations promulgated in future, Hong Kong Listing Rules and other regulatory documents, or with the Articles as revised through legal procedures, the provisions of pertinent national laws and regulations, Hong Kong Listing Rules, other regulatory documents and the Articles shall prevail, and these Terms shall forthwith be amended accordingly and submitted to the Board for consideration and approval.

**Article 25** The power to interpret and amend these Terms shall be vested in the Board of the Company.

*\* For identification purposes only.*