



Lee's Pharmaceutical Holdings Limited

李氏大藥廠控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 950)

(the "Company")

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE (Amended and restated with effect from 16 December 2022)

1. Functions and Objectives

1.1. The Remuneration Committee (the "**Committee**") is appointed by the board of directors of the Company (the "**Board**") with a view to:

- (i) establish and apply a formal and transparent procedure for determining policy on remuneration for executive directors and senior management, assessing performance and for fixing the remuneration packages for all directors and senior management; and
- (ii) 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 being excessive.

2. Composition

2.1. The Committee must be formed by a majority of independent non-executive directors.

2.2. The chairman of the Committee shall be nominated by the members of the Committee and shall be an independent non-executive director.

2.3. The company secretary of the Company shall act as the secretary of the Committee. The Committee may from time to time, appoint any other person with appropriate qualification and experience to act as the secretary of the Committee.

3. Proceedings of Meetings

3.1. The Committee shall meet at least once in each year.

* For identification purpose only

- 3.2. Due notice should be given for any meeting, unless such notification is waived by all members of the Committee. Notwithstanding the notification period, the attendance of the member of the Committee at the meeting would be deemed to be treated as the waiver of the required notification requirement.
- 3.3. The quorum necessary for the transaction of business of the Committee shall be two members of the Committee, one of whom must be an independent non-executive director.
- 3.4. Meeting can be attended in person or via electronic means including telephone or video-conferencing. The members of the Committee can attend the meeting via telephone or any similar communication device (all persons attending such meeting should be able to hear from such member via such communication device).
- 3.5. Resolutions of the Committee shall be passed by more than half of its members.
- 3.6. The resolution passed and signed by all members of the Committee is valid, and the validity is the same as any resolution passed in the meeting held.
- 3.7. Full minutes of the Committee meeting should be kept by the company secretary or the duly appointed secretary of the Committee and be available for review by the directors. Draft and final versions of minutes of the meeting should be sent to all members of the Committee for their comment and records, within a reasonable time after the meeting.
- 3.8. Save as indicated herein, the meetings and proceedings of the Committee are governed by the provisions of the memorandum and articles of association of the Company for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by the regulations imposed by the Board.

4. Duties and Authorities

- 4.1. The authority of the Committee is derived from the Board, therefore the Committee is obliged to report to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions in doing so.
- 4.2. The Committee should consult the chairman and/or chief executive of the Company about their remuneration proposals for other executive directors.
- 4.3. The Committee should be provided with sufficient resources by the Company to perform its duties. The Committee should have access to independent professional advice if necessary.

4.4. The duties of the Committee are as follows:

- (i) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (ii) to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
- (iii) to make recommendations to the board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (iv) to make recommendations to the board on the remuneration of non-executive directors;
- (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (vi) to review and approve 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;
- (vii) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and that are otherwise reasonable and appropriate;
- (viii) to ensure that no director or any of his or her associates is involved in deciding his or her own remuneration;
- (ix) to review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**");
- (x) to ensure the Company to disclose the directors' remuneration policy, details of any remuneration payable to members of senior management by band and other remuneration related matters in the Company's annual reports; and
- (xi) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation or the Listing Rules where appropriate.