

SIHUAN PHARMACEUTICAL HOLDINGS GROUP LTD. (the “Company”)

(Incorporated in Bermuda with limited liability)

(Stock Code: 0460)

Risk Management Committee Terms of Reference

Adopted by the Board on 13 December 2015

and

Amended by the Board on 24 March 2023

1 Constitution

The board of directors (“**Directors**”) of the Company (the “**Board**”) resolved to constitute and establish a risk management committee (the “**Risk Management Committee**”) on 13 December 2015, with authority, responsibility, and specific duties as described below.

The Risk Management Committee is responsible for assisting the Board in (i) deciding the risk level and risk appetite of the Company and its subsidiaries (collectively the “**Group**”); and (ii) considering the Company’s risk management, internal control systems, environmental, social and governance (“**ESG**”) strategies and gives directions where appropriate.

2 Membership

2.1 Members of the Risk Management Committee shall be appointed by the Board from amongst Directors and shall consist of not less than four members (including the chief executive officer of the Company and three other Directors), at least one member shall be an independent non-executive Director.

2.2 The chairman or co-chairmen (as the case may be) of the Risk Management Committee shall be appointed by the Board and must be a Director or Directors.

2.3 The company secretary of the Company (the “**Company Secretary**”) or his/her delegate shall be the secretary of the Risk Management Committee.

2.4 The appointment of the members and the secretary of the Risk Management Committee may be revoked, or additional members may be appointed to the Risk Management Committee by separate resolutions passed by the Board.

3 Proceedings of the Risk Management Committee

3.1 Notice

3.1.1 Unless otherwise agreed by all the Risk Management Committee members, a meeting of the Risk Management Committee shall be called by at least two days’ notice;

3.1.2 A member of the Risk Management Committee may, and on the request of a member of the Risk Management Committee, the secretary of the Risk Management Committee shall, at any time summon a meeting of the Risk Management Committee. Notice shall be given to each member of the Risk Management Committee orally in person or in writing or by telephone or by facsimile or electronic transmission at the telephone number or facsimile number or address or e-mail address from time to time notified to the secretary of the Risk Management Committee by such member of the Risk Management Committee or by such other means as the members may from time to time determine. Any notice given orally shall be confirmed in writing; and

3.1.3 Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Risk Management Committee for the purposes of the meeting.

3.2 Quorum

The quorum of the Risk Management Committee meeting shall be two members of the Risk Management Committee (one of whom shall be the chairman or any one of the co-chairmen, as the case may be). Other Board members have the right to attend Risk Management Committee meetings, though they shall not be counted in the quorum.

3.3 Attendance at Meetings

Members of the Risk Management Committee may attend meetings either in person or through other electronic means of communication.

3.4 Frequency of Meeting

3.4.1 Meetings shall be held at any time as and when necessary or desirable, but at least once a year.

3.4.2 Any member of the Risk Management Committee may request a meeting if he/she considers necessary.

3.4.3 Except for provided herein, proceedings of the Risk Management Committee's meeting shall be governed by the provisions contained in the bye-laws of the Company.

3.5 Minutes of meetings

- 3.5.1 Full minutes of the Risk Management Committee meetings shall be kept by the Company Secretary.
- 3.5.2 Draft and final versions of minutes of Risk Management Committee meetings shall be sent to all Risk Management Committee members for their comment and records within a reasonable time after the meeting upon request.
- 3.5.3 The Company Secretary shall circulate the minutes of the meeting of the Risk Management Committee to all members of the Board.

3.6 Written resolutions

Written resolutions may be passed by all members of the Risk Management Committee in writing. Such a resolution may consist of several documents in the like form, each signed by one or more members of the Risk Management Committee.

4 Responsibilities, duties and authorities of the Risk Management Committee

- 4.1 The responsibilities, duties and authorities of the Risk Management Committee include the following:
 - 4.1.1 To consider and continuously monitor the Company's risk management, internal control systems and ESG strategies;
 - 4.1.2 To consider and review risk management, internal control systems and ESG policies and guidelines and submit to the Board for discussion and approval;
 - 4.1.3 To decide on risk levels, risk appetite, appropriate corporate objectives, targets and related resource allocation;
 - 4.1.4 To evaluate major decisions affecting the Group's risk profile or exposure and give such directions as it considers appropriate and make recommendations to the Board;
 - 4.1.5 To evaluate major risk management activities such as hedging transactions and make recommendations to the Board;
 - 4.1.6 To review the Group's approach to risk management, internal control systems and ESG and recommend to the Board for approving the changes or improvements to key elements of its processes and procedures;

- 4.1.7 To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
 - 4.1.8 To review and monitor the training and continuous professional development of Directors and senior management;
 - 4.1.9 To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
 - 4.1.10 To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
 - 4.1.11 To review the Company's compliance with the provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and disclosure in the Corporate Governance Report of the Company;
 - 4.1.12 To provide an update report on risk management, internal control systems and ESG to the Board in this regard no less frequent than annually;
 - 4.1.13 To review the effectiveness of the work on risk management, internal control systems and ESG;
 - 4.1.14 To be responsible for ESG reporting and compiling the ESG report of the Company;
and
 - 4.1.15 To review the Company's compliance with the Listing Rules, as amended from time to time, and the Company's risk management, internal control systems and ESG as directed by the Board, or required by the bye-laws of the Company and/or applicable laws and regulations, as amended from time to time.
- 4.2 Within first week after each month end, the Risk Management Committee should be provided with necessary reports which it requires to perform its duties.
- 4.3 The Risk Management Committee shall be provided with sufficient resources to perform its duties and shall have access, at the Company's expense, to independent advice if necessary.

5 Authority

- 5.1 The Risk Management Committee shall have access to such information and advice, whether from sources within or outside the Group, as it deems necessary.
- 5.2 The Risk Management Committee is authorized by the Board to investigate any activity within its terms of reference. The Risk Management Committee is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Risk Management Committee.
- 5.3 The Risk Management Committee shall have rights to seek such opinions from legal and other professional consultants as it considers necessary.

6 Reporting Responsibilities

- 6.1 The chairman or co-chairmen (as the case may be) of the Risk Management Committee shall report formally to the Board on its proceedings after each meeting on all matters within his/her duties and responsibilities.
- 6.2 The Risk Management Committee shall make recommendations to the Board it deems appropriate on any area within its terms of reference where action or improvement is needed.

7 Casting vote

In the case of an equality of votes, the chairman or any one of the co-chairmen (as the case may be) of the Risk Management Committee shall have the casting vote.

8 Annual General Meeting

The chairman or co-chairmen (as the case may be) of the Risk Management Committee (or in his/her/their absence, his/her/their duly appointed delegate) shall attend the annual general meeting of the Company and be prepared to respond to any shareholder's questions on the Risk Management Committee's activities.

9 General

The Risk Management Committee should make available (where necessary) these terms of reference, explaining its role and the authority delegated to it by the Board by including them on the websites of the Stock Exchange and the Company.

Note: If there is any inconsistency between the English and Chinese versions of this document, the English version shall prevail.