

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

### **1. GENERAL**

- 1.1 In order to further establish a sound remuneration management system and consummate corporate governance structure of Legend Holdings Corporation (hereinafter referred to as the “Company”, together with its subsidiaries, the “Group”), the remuneration committee under the Board is established and these terms of references are formulated in accordance with relevant laws and regulations of the Company Law of the People’s Republic of China, 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 the requirements of the articles of association of the Company (the “Articles of Association”).
- 1.2 The remuneration committee (the “Committee”) is a specialised working body under the Board and is principally responsible for researching the remuneration strategies and policies, performance appraisal and incentive mechanism and other matters regarding the remuneration of directors, supervisors, senior management and core management, and making relevant recommendations to the Board. Upon the approval by the Board, they will be proposed for consideration at the general meeting in accordance with laws, administrative regulations and the Articles of Association.
- 1.3 For the purpose of these terms of reference, senior management has the same meaning as that set out in the Articles of Association.

### **2. COMPOSITION**

- 2.1 The Committee shall consist of three (or more) directors who shall be directly appointed by the Board and the majority of whom shall be independent non-executive directors. The Committee shall be chaired by an independent non-executive director.
- 2.2 Members of the Committee shall attend regular meetings of the Committee, and shall actively express their opinions on matters proposed at the meetings and have a thorough understanding of the roles and responsibilities of the Committee and themselves as a member of the Committee.

2.3 Members of the Committee shall disclose to the chairman of the Committee the following matters:

- (a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; and
- (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and abstain from participating in the discussions concerning such resolutions, and shall resign from the Committee (if at the request of the Board).

2.4 The secretary of the Board of the Company or their proxy shall be the secretary of the Committee.

### **3. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee shall include:

- 3.1 making recommendations to the Board on the Company's policy and structure for the remuneration of all directors, supervisors, senior management and core management and establishment of a formal and transparent procedure for the formulation of a remuneration policy (including incentive policies such as share incentive plan);
- 3.2 studying the performance appraisal mechanism for directors, supervisors, senior management and core management, and making recommendations to the Board;
- 3.3 reviewing the performance of duties by executive directors, senior management and core management, and conducting performance appraisal for them;
- 3.4 reviewing and approving remuneration proposals of senior management with reference to the corporate goals and objectives resolved by the Board from time to time;
- 3.5 being responsible, as the Board shall direct, for making recommendations to the Board on the remuneration packages of individual executive directors, senior management and core management, including benefits in kind, pension rights, incentive mechanisms such as share incentive plan and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- 3.6 making recommendations to the Board on the remuneration of non-executive directors (including independent non-executive directors), supervisors, advisors to the Board (if any) and members of various committees under the Board;

- 3.7 with the prior approval obtained at the general meeting and to the extent provided in laws, administrative regulations and the Articles of Association, reviewing and approving the compensation payable to executive directors, supervisors, senior management and core management for any loss or termination of office or appointment in order to ensure that such compensation is consistent with the contractual terms and is otherwise fair, reasonable and not excessive;
- 3.8 with the prior approval obtained at the general meeting, reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct in order to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate;
- 3.9 implementing other matters required by laws, regulations, regulatory documents, the Articles of Association, these terms of references, the securities regulatory authorities of the place where the shares of the Company are listed and authorised by the Board;
- 3.10 the implementation of the proposals made by the Committee on the remuneration packages of directors, supervisors, senior management and core management of the Company shall be subject to the approval of the Board before consideration and approval at the general meeting (if required by laws, administrative regulations and the Articles of Association). The foregoing remuneration proposals shall not prejudice the interests of shareholders;
- 3.11 pursuant to Rule 13.68 of the Hong Kong Listing Rules, the Committee shall advise on directors' and supervisors' service agreements requiring the approval of shareholders. It shall notify shareholders that whether relevant terms in the agreements are fair and reasonable, whether such agreements are in the interest of the Company and its shareholders as a whole, and shall advise procedures for shareholders (except for shareholders who are directors and who have material interest in such agreements as well as their associates) to vote. The aforesaid directors' service agreements requiring shareholders' approval include agreements with a service term longer than three years, agreements providing that a more than one-year prior notice shall be given or compensation or other expenses equal to the remuneration for more than one year shall be paid if the Company terminates the agreements, and agreements required by the securities regulatory authorities of the place where the shares of the Company are listed;
- 3.12 to review and/or approve matters in relation to the share schemes under Chapter 17 of the Hong Kong Listing Rules and to ensure that the share options and awards to be granted to the directors, senior management or core management by the Company are in compliance of the Hong Kong Listing Rules and any applicable laws.

- 3.13 the Committee shall be responsible for approving all disclosure statements in relation to the Committee, including but not limited to relevant disclosure statements in annual reports, half-year reports and information uploaded to the website of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Stock Exchange”) and the Company’s website;
- 3.14 subject to the Corporate Governance Code set out in the Hong Kong Listing Rules, the Committee shall perform other power, authority, discretions delegated by the Board to the Committee in determining the remuneration of executive directors, non-executive directors, supervisors, senior management and core management as well as other duties and responsibilities; and
- 3.15 in performing its duties in accordance with these terms of reference, the Committee shall:–
- (a) encourage senior management and core management to establish a remuneration culture which is in compliance with the overall strategy of the Group and which supports fulfilment of the Group’s vision, mission and value, and provide competitive packages to attract, retain and motivate high calibre executive directors with reference to market practice;
  - (b) consult the chairman of the Board and/or the Chief Executive Officer about the remuneration proposals for other executive directors, senior management and core management. The Committee may seek independent professional advice if necessary;
  - (c) determine the level of remuneration paid by the Company relative to other companies in the industry in which the Company operates, by considering remuneration paid by comparable companies in such industry, time commitment and responsibilities, and employment conditions elsewhere in the Group;
  - (d) be sensitive to market practice, including salary and employment conditions within the Company and elsewhere in the industry in which the Company operates, especially when determining annual salary increases;
  - (e) ensure that the part of remuneration linked to corporate and individual performance contributes a significant portion of the total remuneration package of executive directors, senior management and core management, in order to motivate employees, align their interests with those of the shareholders, attract and retain talents, and to facilitate each of the directors, senior management and core management to provide the highest level services to the Company;
  - (f) ensure that none of the directors and their associates (within the meaning of the Hong Kong Listing Rules) would participate in the determination of their own remuneration;

- (g) the Committee shall work closely with other committees under the Board and communicate with other committees on a regular basis to ensure the timely supervision of the remuneration management of the Company; and
- (h) The Committee shall upload these terms of reference to the websites of the Stock Exchange and the Company to explain its power delegated by the Board.

#### **4. POWER**

- 4.1 The Committee has the right to seek adequate administrative support from the senior management of the Group and has separate and independent access to the senior management of the Group.
- 4.2 The senior management shall provide the Committee with all the information necessary and appropriate for the Committee to discharge its responsibilities on a fair and timely basis. The Committee has the right to request any member of the senior management of the Group to promptly respond to the queries raised by any member of the Committee as comprehensive as possible. Information provided to the Committee shall be accurate and complete and be in such form and of such quality as will enable the Committee to make an informed decision.
- 4.3 Members of the Committee can, upon reasonable request, seek independent professional advice in their decision-making in appropriate circumstances, at the Group's expense. In the event of seeking advice from an external consultant, such consultant shall be directly appointed by the chairman of the Committee and its opinions shall be directly submitted to the chairman of the Committee (independent of the senior management).

#### **5. RULES OF PROCEDURES**

- 5.1 The Committee shall convene periodic meetings at least once a year before the periodical meetings of the Board be convened. Notices shall be given to all members no less than 3 business days prior to the meeting, and if otherwise, written consent shall be obtained from over half of the members.
- 5.2 Extraordinary meetings may be convened upon proposal by the chairman or more than half of all members of the Committee. Notices of extraordinary meetings shall be given to all members no less than 3 business days prior to the meeting, and if otherwise, written consent shall be obtained from over half of the members.
- 5.3 Materials and notice of the meetings of the Committee shall be issued simultaneously. All members shall fully read meeting materials prior to the meeting.

- 5.4 The meetings of the Committee may be convened in the form of physical meeting to be held on-site or may be convened by telecommunication means or written resolutions by circulation provided that voices of all members are heard thoroughly. Telecommunication means refer to the use of telephone, videos and other means to participate in the meeting; written resolutions by circulation refers to the decisions made in the way of separate delivery or by circulation of the proposals. The quorum of the meetings of the Committee shall be two in which one of whom must be an independent non-executive Director.
- 5.5 The chairman of the Committee shall preside over the meetings. In the event that the chairman of the Committee is unable to attend, another member (independent non-executive Director) designated by him/her shall exercise the functions and powers on his/her behalf. If such delegation was not made, more than half of the members being present shall select a member (independent non-executive Director) to preside.
- 5.6 Members of the Committee shall attend the meetings in person. In the event that a member is unable to attend, he may authorise another member to attend on his/her behalf in writing. The proxy who wishes to attend and vote at the meeting shall submit the power of attorney to the chairman of the meeting before it begins. The power of attorney shall set out the name of the principal, name of the proxy, scope of authorisation, voting instructions on resolutions to be proposed at the meeting (for or against), term and validity period of authorisation and the same shall be signed or sealed by the principal. The proxy shall exercise the right within the scope of authorisation. Members who authorise other members to attend the meeting shall be solely liable to any decisions made by the proxy within his/her scope of authorisation.
- 5.7 Votes at the meetings of the Committee shall be conducted by a show of hands, by voice or by poll, and every member shall have one vote. Resolutions made at the meetings shall not take effect unless they are passed by more than half of all members (including members unable to be present). Members of the Committee shall give express votes, either for or against, but may not abstain from voting.
- 5.8 Representatives of the human resources department shall be normally in attendance at the meetings of the Committee to provide assistance. At the request of the Committee, it may invite non-members of the Committee such as directors, supervisors, relevant members of senior management and head of relevant departments to be in attendance at some or all of the meetings of the Committee. A prior approval from the chairman of the Committee shall be obtained for the list of such persons in attendance at the meeting.
- 5.9 In the process of evaluating the directors, supervisors and senior management and discussing their remunerations, any member who is involved in and his/her associates shall abstain from attending the meetings.

5.10 Full records of the meeting of the Committee shall be kept. Minutes of the meetings of the Committee shall sufficiently record the matters considered and decisions reached by the Committee in detail, including any concerns raised by the members or dissenting views expressed. Members attending the meetings shall sign on the final version of the minutes of the meetings of the Committee.

5.11 Members of the Committee and persons in attendance at the meetings are liable to keep all considered matters confidential and shall not disclose such relevant information without approval.

## **6. REPORTING PROCEDURES**

6.1 All minutes of the meetings prepared by the Committee in accordance with the Article 5.10 above regarding the rules of procedures shall be kept by the secretary of the Committee and be available for inspection at any reasonable time on reasonable notice by any Director.

6.2 The Committee shall regularly report to the Board on matters set out in these terms of reference, including the work of the Committee and its decisions or recommendations, and shall notify the supervisory committee of the same, unless it is prohibited by laws and regulatory rules (such as when the disclosure is restricted in accordance with the regulatory rules).

## **7. ANNUAL GENERAL MEETING**

7.1 The chairman of the Committee shall attend annual general meetings of the Company and be prepared to answer any shareholder's questions in relation to the duties of the Committee.

7.2 If the chairman of the Committee is unable to attend an annual general meeting of the Company, he/she shall arrange for another member of the Committee to attend in his/her place. Such member shall be prepared to answer any shareholder's questions in relation to the duties of the Committee.

## 8. EFFECTIVE DATE AND AMENDMENTS

- 8.1 Where it is necessary to amend these terms of reference in light of changes in situation, the amendments shall be proposed by the Committee and submitted to the Board for consideration and approval.
- 8.2 Matters not covered by these terms of reference shall be handled in accordance with the requirements of the relevant laws and regulations of the People's Republic of China ("PRC"), the Hong Kong Listing Rules and the Articles of Association; in case there is any inconsistency between these terms of reference and any future relevant PRC laws and regulations, the Hong Kong Listing Rules and the Articles of Association, the relevant PRC laws and regulations, the Hong Kong Listing Rules and the Articles of Association shall prevail and these terms of reference shall be amended accordingly subject to the approval of the Board.
- 8.3 These terms of reference shall be interpreted by the Board.

*Note: In case of any discrepancies between the English version and the Chinese version, the Chinese version shall prevail.*