



## **Sinco Pharmaceuticals Holdings Limited**

### **兴科蓉医药控股有限公司**

*(Incorporated under the laws of the Cayman Islands with limited liability)*

**(Stock Code: 6833)**

## **Sinco Pharmaceuticals Holdings Limited**

**(the “Company”)**

### **TERMS OF REFERENCE OF REMUNERATION COMMITTEE**

**(the “Committee”)**

#### **Membership**

1. The Committee shall consist of not less than three members appointed by the board of directors of the Company (the “**Board**”) and the majority of whom shall be independent non-executive directors of the Company.
2. The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.
3. The members of the Committee shall not have personal financial interest (other than being a shareholder of the Company) and conflicts of interest arising from cross-directorships.
4. The Board and the Committee may dismiss any member of the Committee and appoint new member by passing resolutions.
5. No alternate Committee member can be appointed.

#### **Secretary**

6. The secretary of the Committee shall be acted by the company secretary. In the absence of the company secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Committee shall attend the meeting of the Committee and take minutes.

#### **Proceedings of meetings**

7. Unless otherwise specified hereunder, the provisions contained in the Company’s Articles of Association (as amended from time to time) for regulating meetings and proceedings of the Board shall apply to the meetings and proceedings of the Committee.
8. A member of the Committee shall abstain from voting and shall not be counted in the quorum in the meeting in respect of the resolution regarding the remuneration payable to him/her.

### **Frequency of meetings**

9. The Committee shall meet at least twice a year and one of the meetings shall be held before the convening of annual general meeting where appointment of directors will be considered. The Committee may hold additional meetings when necessary.
10. The chairman of the Committee may convene additional meetings at his discretion.

### **Quorum**

11. The quorum of a meeting shall be two members of the Committee and at least one of them is an independent non-executive director.

### **Attendance at meetings**

12. Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication or in such other manner as the members may agree.
13. Other directors, company secretary (or his/her delegate(s)) and relevant senior management and persons(s) invited by a Committee member shall attend meetings of the Committee.

### **Notice of meetings**

14. A meeting of the Committee may be convened by any of its members or by the company secretary.
15. Unless otherwise agreed by all the members of the Committee, notice of meetings shall be given to all members of the Committee at least seven days before a regular meeting. For all other meetings of the Committee, reasonable notice shall be given.
16. Agenda and accompanying supporting papers shall be sent to all members of the Committee and to other attendees as appropriate at least three days before the date of the meeting (or such other period as the members may agree).

### **Minutes of meetings**

17. Draft and final versions of minutes of Committee meetings shall be sent to all Committee members for their comment and records within a reasonable time after the meeting.
18. Minutes of the Committee shall be kept by the company secretary and shall be available for inspection by any member of the Committee or the Board at any reasonable time on reasonable notice.

## **Written resolutions**

19. A written resolution signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the members of the Committee. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) for a Board or Committee meeting to be held.

## **Authority**

20. The authorities of the Committee shall include such authorities set out in the relevant code provisions of the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Listing Rules (as amended from time to time).
21. The Committee is authorised by the Board to review, assess and make recommendations upon any issue within its terms of reference and all employees are directed to cooperate as requested by members of the Committee.
22. The Committee is authorised by the Board to obtain outside legal or other independent professional advice if necessary and to invite external professional party with relevant experience and expertise to attend meetings if necessary.
23. The Committee shall be provided with sufficient resources to discharge its duties.

## **Responsibility**

24. The responsibilities of the Committee shall include such responsibilities set out in the relevant code provisions of the CG Code as contained in Appendix 14 of the Listing Rules (as amended from time to time).
25. The Committee is to review and make recommendations concerning the remuneration packages and benefits of the directors and senior management of the Company as an independent and impartial committee, who has no personal financial interest in the package and/or benefits recommended and who, in setting of those remuneration packages, will consider and give due regard to both the performance levels of, and a fair reward for the directors and senior management of the Company and to the interest of all the shareholders of the Company in the light of the financial and commercial circumstances of the Company from time to time. No director shall be involved in deciding his own remuneration.
26. The Committee should consult the chairman of the Board and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary.

## **Duties, powers and functions**

27. Without prejudice to any requirement under the CG Code, the duties of the Committee include the following:
- (a) make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
  - (b) have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Company and its subsidiaries and desirability of performance-based remuneration;
  - (c) review and approve performance-based remuneration with reference to corporate goals and objectives resolved by the Board from time to time;
  - (d) review and evaluate the performance of individual executive director in the relevant financial year in determining the amount of any discretionary bonus to be payable to him/her;
  - (e) determine the time of payment of any such bonus;
  - (f) review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
  - (g) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise fair and appropriate;
  - (h) ensure that no director or any of his/her associates is involved in deciding his/her own remuneration. The Board should advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under Rule 13.68 of the Listing Rules;
  - (i) consider the granting of share options to directors of the Company pursuant to any share option scheme adopted by the Company;
  - (j) ensure due compliance with any relevant disclosure requirements in respect of the remuneration of directors under the Listing Rules, the Companies Ordinance and any other statutory requirements;

- (k) review and make recommendations to the Board regarding the pension arrangements for directors and senior management;
- (l) report to the Board on any suspected irregularities in the reimbursement of unreasonable out-of-pocket expenses of directors;
- (m) review and approve the interim reports, annual reports, announcements and circulars or any publication of the Company regarding information on the remuneration and service contracts of the directors prior to approval by the Board; and
- (n) engage such external legal, financial or other professional advisers to assist and/or advise it on issues as it considers necessary.

### **Reporting procedures**

- 28. The Committee shall report to the Board on a regular basis on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 29. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report the findings and recommendations of the Committee to the Board.
- 30. The secretary of the Committee shall circulate the minutes of meetings and all written resolutions of the Committee to all members of the Board, keeping the Board informed of the Committee's activities, decisions and recommendations on a regular basis.

### **Annual General Meeting**

- 31. The chairman of the Committee or in his/her absence, another member of the Committee or failing this, his/her duly appointed delegate, shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the Annual General Meeting on the Committee's work and responsibilities.

### **Availability and update of the terms of reference**

- 32. These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the Listing Rules) in Hong Kong.

*(Chinese translation is for reference only. The English text shall prevail in case of any inconsistency.)*