

# **TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE OF LUNG FUNG GROUP HOLDINGS LIMITED**

*(together with its subsidiaries, the “Company” unless the context otherwise requires)*

## **OBJECTIVE**

1. These Terms of Reference are adopted by the board of directors of the Company by resolution passed on 18 May 2026 to govern the operations of the Remuneration Committee.

## **MEMBERSHIP AND QUORUM**

2. The members of the Remuneration Committee should be appointed by the Board amongst its members and should consist of not less than three (3) members. A majority of the members of the Remuneration Committee should be independent non-executive directors. A quorum should be two (2) members provided that if any member of the Remuneration Committee is interested in any matter submitted to the Remuneration Committee for consideration or approval, such member should declare the nature of his/her interest and should not be counted in the quorum present at the meeting and his/her vote should also not be counted.
3. The chair of the Remuneration Committee should be an independent non-executive director as appointed by the Board.

## **MEETINGS OF REMUNERATION COMMITTEE**

4. The Remuneration Committee should meet at least once every financial year.
5. The Chairman of the Company should normally attend meetings of the Remuneration Committee. The Remuneration Committee may invite any person, including any other director or member of the senior management it deems appropriate to attend its meetings.
6. Arrangement should be in place to ensure that all Remuneration Committee members are given an opportunity to include matters in the agenda for regular meeting.
7. Notice of at least 14 days together with an agenda should be given of a regular meeting to give all Remuneration Committee members an opportunity to attend. For all other meetings, reasonable notice should be given.
8. All Remuneration Committee members and attendees should be provided with an agenda and accompanying papers in full in a timely manner and at least 3 days before the intended date of meeting to enable them to make informed decisions.
9. The Company Secretary of the Company should be the secretary of the Remuneration Committee. In the absence of the Company Secretary in any meeting of the Remuneration Committee, members of the Remuneration Committee should be entitled to appoint any other person to act as the secretary of such a meeting of the

Remuneration Committee. All Remuneration Committee members should have access to the advice and services of the Company Secretary to ensure that Board committee procedures, and all applicable law, rules and regulations, are followed.

10. Draft and final versions of minutes of the Remuneration Committee meetings should be sent to all members of the Remuneration Committee for their comment and records respectively, within a reasonable time after the meeting is held. Full minutes of the Remuneration Committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary).
11. Remuneration Committee papers and minutes should be open for inspection at any reasonable time on reasonable notice by any director.

## **AUTHORITY**

12. The Remuneration Committee is authorised by the Board:
  - 12.1 to seek independent professional advice at the Company's expense, if necessary, in accordance with Guidelines for Directors to Obtain Independent Professional Advice adopted by the Board and as amended from time to time;
  - 12.2 to investigate any activity within its Terms of Reference and in doing so to seek any information from any employee of the Company or any of its subsidiaries;
  - 12.3 to delegate any task to sub-committees, or individual members of the Remuneration Committee, as it deems appropriate; and
  - 12.4 to do any such things to enable the Remuneration Committee to exercise its authority and discharge its responsibilities conferred on it by the Board.

In exercising its authority, the Remuneration Committee is required to conform to any requirement, direction and regulation that may from time to time be prescribed by the Board, contained in the Memorandum and Articles of Association of the Company or imposed by law, regulations or the Listing Rules.

## **RESPONSIBILITIES**

13. In addition to any duties assigned by the Listing Rules, the Corporate Governance Code or the Board, the responsibilities of the Remuneration Committee include:
  - 13.1 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;
  - 13.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

- 13.3 to determine with delegated responsibility, or to make recommendations to the Board, the remuneration packages of individual 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;
  - 13.4 to make recommendations to the Board on the remuneration of non-executive directors;
  - 13.5 when considering the remuneration proposals for directors and senior management, to consider salaries or fees paid by comparable companies, time commitment and responsibilities and, if applicable, employment conditions of such directors and senior management elsewhere in the Group;
  - 13.6 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;
  - 13.7 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 are otherwise reasonable and appropriate;
  - 13.8 to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
  - 13.9 to advise on any issue including policy formulation relating to the design of suitable remuneration and benefits scheme for all staff of the Company;
  - 13.10 to advise on the design of suitable share option and incentive schemes for all staff of the Company;
  - 13.11 to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
  - 13.12 to report back to the Board on its findings, decisions or recommendations, if any unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).
14. The Remuneration Committee should consult the Chairman of the Board and/or the Chief Executive Officer of the Company about their remuneration proposals for other executive directors.

For the purpose of the Terms of Reference, “senior management” refers to the staff designated by the Company as belonging to 01–03 grades.

#### **ATTENDANCE IN ANNUAL GENERAL MEETING**

15. The chair of Remuneration Committee, or in his/her absence, another member of the Remuneration Committee or failing him, a duly appointed delegate of the Chair of Remuneration Committee, should attend the annual general meeting of the Company and be available to answer questions at the annual general meeting of the Company.

## **AVAILABILITY OF TERMS OF REFERENCE**

16. The Remuneration Committee should make available its Terms of Reference, explaining its role and the authority delegated to it by the Board by including them on the Exchange's website and the Company's website.

## **REVIEW AND MONITORING**

17. These Terms of Reference will be reviewed periodically to ensure they remain relevant to the Company's needs and reflect both regulatory requirements and good corporate governance practices.