



DAWNRAYS PHARMACEUTICAL (HOLDINGS) LIMITED

東瑞製藥(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2348)

Terms of Reference for Remuneration Committee

1. Constitution

- 1.1 The board of directors (the “Board”) of Dawnrays Pharmaceutical (Holdings) Ltd. (“Company”) resolved to establish a Committee of the Board known as the Remuneration Committee (“Committee”) on 18 May 2005.

2. Membership

- 2.1 The Remuneration Committee shall be appointed by the Board of the Company.
- 2.2 The majority of the members (the “Members”) of the Remuneration Committee must be independent non-executive directors.
- 2.3 The Chairman of the Remuneration Committee shall be appointed by the Board who should be an independent non-executive director of the Company.

3. Secretary

- 3.1 The Company Secretary shall be the secretary of the Remuneration Committee.

4. Meetings

- 4.1 The Remuneration Committee shall meet at least once in each financial year and any Member may convene additional meeting if he/she deems fit.
- 4.2 Notice of any meetings has to be given at least 7 days prior to any such meeting being held, unless all Members unanimously waive such notice. Notice of any adjourned meeting is not required if adjournment is for less than 14 days.
- 4.3 The quorum for meetings of the Remuneration Committee shall be any two Members.
- 4.4 Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 4.5 Resolutions of the Remuneration Committee shall be passed by a majority of votes of the Members present.

- 4.6 A resolution in writing signed by all the Members of the Remuneration Committee shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.
- 4.7 Minutes shall be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes shall be circulated to all Members for their comment and records, within a reasonable period of time after the meeting. Such minutes shall be open for Directors' inspection.

5. Attendance at Meetings

- 5.1 At the invitation of the Remuneration Committee, the Chairman of the Board and/or the Chief Executive Officer, external advisers and other persons may attend all or part of any meeting.
- 5.2 Only Members of the Remuneration Committee are entitled to vote at the meetings.

6. Annual General Meeting

- 6.1 The Chairman of the Remuneration Committee or in his/her absence, another Member of the Remuneration Committee, shall attend the Company's Annual General Meeting and be prepared to respond to shareholders' questions on the Remuneration Committee's activities and their responsibilities.

7. Responsibility, Powers and Discretion

The Remuneration Committee shall have the following responsibilities, powers and discretion:-

- 7.1 to make recommendations to the Board on the policy of the Company and its subsidiaries (the "Group") and structure for all Directors, senior management¹ remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 7.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 7.3 to have the delegated responsibility to determine the remuneration packages of individual executive Directors and senior management. This should, include benefits in kind, share option, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and to make recommendations to the Board on the remuneration of non-executive Directors. The Remuneration Committee should consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

Note 1: Senior management shall include any senior officer of the Group mentioned in the annual report of the Company from time to time as senior management of the Group.

- 7.4 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;
- 7.5 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; and
- 7.6 to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.
- 7.7 to conform to any requirement, direction, and regulation that may from time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.

8. Reporting Responsibilities

- 8.1 The Remuneration Committee shall report to the Board after each meeting.

9. Authority

- 9.1 The Remuneration Committee shall consult the Chairman of the Board and/or Chief Executive Officer about their remuneration proposals for other executive Directors.
- 9.2 The Remuneration Committee is authorised by the Board to seek any remuneration related information it requires from senior management of the Company in order to perform its duties.
- 9.3 The Remuneration Committee is authorised by the Board where necessary to have seek independent professional advice through the arrangement of Company Secretary.
- 9.4 The Remuneration Committee shall be provided with sufficient resources to perform its duties.

Revised on: 30 March 2012