

Lapco Holdings Limited

立高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8472)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

1. Organization

The board (the “**Board**”) of directors of the Company (the “**Directors**”) has resolved to set up a remuneration committee (the “**Committee**”).

2. Composition

2.1 The Committee shall consist of at least three Directors, of which a majority should be independent non-executive Directors, appointed by the Board from time to time.

2.2 The chairman of the Committee, who must be an independent non-executive Director of the Company, shall be appointed by the Board.

3. Objective

The main objective of the Committee is to regularly make recommendations to the Board on the Company’s policy and structure for the remuneration of all the Directors’ and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy. The Committee is accountable to the Board.

4. Secretary

Save as otherwise appointed by the Committee, the secretary to the Committee shall be the secretary to the Company.

5. Meetings

- 5.1 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.
- 5.2 The Committee shall meet at least once every year.
- 5.3 The quorum of a meeting shall be two members of the Committee, one of whom must be an independent non-executive Director.
- 5.4 Proceedings of meetings of the Committee shall be governed by the provisions of the articles of association of the Company as amended from time to time.
- 5.5 At all times the members of the Committee shall be notified of and be invited to all meetings of the Committee.

6. Notice of meetings

- 6.1 A meeting of the Committee may be convened by any of its members through the secretary.
- 6.2 Unless otherwise agreed by all the members of the Committee, notice (containing details of the venue, time and date of the meeting) of at least 14 days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given.
- 6.3 Agenda and accompanying supporting papers shall be sent to all members of the Committee and to other invited attendees as appropriate at least 3 days before the date of the meeting (or such other period as the members may agree).

7. Minutes of meetings

- 7.1 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.
- 7.2 Minutes of the Committee meetings shall be kept by the secretary and shall be available for inspection by any member of the Committee or the Board at any reasonable time on reasonable notice.

8. Committee's Resolutions

- 8.1 A resolution in writing signed by all the members of the Committee shall be as valid and effective 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 Committee. Such resolution may be signed and circulated by facsimile or other forms of electronic communications. This provision is without prejudice to any requirement under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) for a meeting of the Board or Committee to be held.

9. Duties

The duties of the Committee shall include:

- (i) to 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;
- (ii) to review and approve the management's remuneration proposal with reference to the Board's corporate goals and objectives;
- (iii) either:
 - (a) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or
 - (b) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss of termination of their office or appointment;

- (iv) to make recommendations to the Board on the remuneration of non-executive Directors;

- (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the members group comprising the Company;
- (vi) to review and approve compensation payable to the 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;
- (vii) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (viii) to ensure that no Director or any of his associates is involved in deciding his own remuneration;
- (ix) to engage such external professional advisers to assist and/or to advise the Committee on issues as it considers necessary;
- (x) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;
- (xi) to conform to any requirements, direction and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation; and
- (xii) with respect to any service contracts of directors that require Shareholders' approval under Rule 17.90 of the GEM Listing Rules, to advise Shareholders as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the Company and its Shareholders as a whole and to advise Shareholders on how to vote.

10. Authority

10.1 The Committee is granted the authority to seek such further information from the management of the Company as it may require in order to enable it to discharge its duties. The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to invite the attendance of outsiders with relevant experience and expertise if it considers this necessary.

10.2 The Committee is to be provided with sufficient resources to discharge its duties.

11. Reporting Procedures

- 11.1 The Committee should report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 11.2 Full minutes of meetings of the Committee shall be kept by the secretary to the Committee. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and records within a reasonable time after the meeting.
- 11.3 Copies of the minutes of meetings of the Committee shall be provided to the Board at its meetings.
- 11.4 The chairman of the Board should invite the chairman of the Committee to attend the annual general meeting. In his/her absence, the chairman of the Board should invite another member of the Committee or failing this his/her duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

12. Annual General Meeting

The chairman of the Committee or in his absence, another member of the Committee or failing this, his 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.

13. Revision of the terms of reference

- 13.1 These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in the GEM Listing Rules and other regulatory requirements in Hong Kong.

(Adopted by the Company pursuant to the Board's resolutions passed on 24 June 2017)