

LUYE PHARMA GROUP LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 02186)

Terms of Reference for the Environmental, Social and Governance Committee of the board of directors of the Company

Adopted pursuant to a resolution of the board of directors of the Company on 29 March 2023 and effective from 29 March 2023

Purpose

1. The purpose of the Environmental, Social and Governance Committee (the “**ESG Committee**”) is to assist the board of directors (the “**Board**”) of Luye Pharma Group Ltd. (the “**Company**”) and together with its subsidiaries, the “**Group**”) to identify and manage environmental, social and governance (“**ESG**”)-related risks and opportunities, and to address and implement relevant governance strategies and initiatives.

Composition

2. All members of the ESG Committee shall be appointed by the Board from amongst the directors of the Company and shall have a minimum of two members. The chairman of the Committee (the “**Chairman**”) shall be appointed by the Board.

Meetings

4. The ESG Committee shall meet at least once a year.
5. Meetings of the ESG Committee shall be summoned by the company secretary of the Company (“**Company Secretary**”) at the request of the Chairman.
6. For regular meetings and as far as practicable in all other cases, the notice of meeting, the agenda and the accompanying committee papers shall be sent, in full, to all members of the ESG Committee at least three (3) days before the intended date of meeting (or such other shorter period as agreed by the members).
7. The Chairman (or in his or her absence, a member designated by the Chairman) shall preside at all meetings of the ESG Committee. The Chairman shall be responsible for leading the ESG Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.
8. The Company Secretary shall be the secretary of the ESG Committee, who shall assist and facilitate the convening of the ESG Committee meetings.

9. Unless otherwise specified herein, the provisions contained in the Company's by-laws (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the ESG Committee.

Quorum

10. The quorum necessary for the transaction of business shall be two (2). A duly convened meeting of the ESG Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the ESG Committee.

Access

11. The ESG Committee shall have full access to the management of the Company and may invite members of its management or others to attend its meetings as necessary or desirable.
12. The ESG Committee should be provided with sufficient resources to discharge its duties.

Reporting Procedures

13. The ESG Committee shall evaluate and assess the effectiveness of the ESG Committee and the adequacy of these terms of reference of the ESG Committee on an annual basis and recommend any proposed changes to the Board. The ESG Committee shall also perform an annual review of the Group on (i) the adequacy of resources, staff qualifications and experience, training programmes and budget relating to the Company's ESG performance and reporting; (ii) the changes, since the last annual review, in the nature and extent of significant ESG risks for the Group; and (iii) the scope and quality of management's ongoing monitoring of ESG risks.
14. Full minutes of meetings of the ESG Committee, all written resolutions and the record of individual attendance at such meetings shall be prepared and kept by a working team which shall be sent to all members of the Board as soon as practicable after the conclusion of any meeting of the ESG Committee and should be open for inspection at any reasonable time on reasonable notice by any member of the Board.
15. Minutes of meetings of the ESG Committee should record in sufficient detail the matters considered and decisions reached, including any concerns raised or dissenting views expressed. Draft and final versions of minutes of meetings should be sent to members of the ESG Committee for their comment and records respectively, in both cases within a reasonable time after the meeting is held.

Authority

16. The ESG Committee is authorised by the Board, subject to requirements under applicable laws and regulations:
- (a) to seek any information it requires from any employee of the Group and any professional advisers to perform its duties, to require any of them to prepare and submit reports and to attend Committee meetings and to supply information and address the questions raised by the Committee;
 - (b) to collect information from external parties of the Group as may be necessary for preparing the Environmental, Social and Governance Report (the “**ESG report**”) in accordance with the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or for the meeting of the Committee; and
 - (c) to exercise such powers as the ESG Committee may consider necessary and expedient to discharge its duties.

Responsibilities and Duties

17. The ESG Committee shall perform the following duties:
- (a) to co-ordinate, identify, assess and manage the ESG matters of the Group and report to the Board on any significant issues;
 - (b) to develop and review the approach and strategy of the Group’s ESG policies, and closely monitor the implementation and effectiveness of ESG policies and initiatives;
 - (c) to set ESG-related objectives according to the actual situation of the Group and to regularly review the progress and performance of the Group against these objectives;
 - (d) to assist the Board in reviewing the annual ESG Report and to co-ordinate the preparation of the ESG Report;
 - (e) to keep abreast of regulatory requirements and to oversee the Group’s compliance with relevant laws and regulations; and
 - (f) to co-ordinate any other ESG-related work as may be assigned by the Board.

General

18. The ESG Committee should make available these terms of reference on the Stock Exchange's website and the Company's website.
19. The Board may, subject to compliance with the bye-laws of the Company and the Listing Rules, amend and supplement these terms of reference provided that no amendment to these terms of reference shall invalidate any prior act and resolution of the ESG Committee which would have been valid had there not been such amendment.