



## **Beijing Biostar Pharmaceuticals Co., Ltd.**

### **北京華昊中天生物醫藥股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2563)**

## **IMPLEMENTATION RULES OF THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD OF DIRECTORS**

### **CHAPTER 1: GENERAL PROVISIONS**

**Article 1** To enhance the decision-making function of the Board of Directors of Beijing Biostar Pharmaceuticals Co., Ltd. (hereinafter referred to as the “Company”), strengthen the effective oversight of the management by the Board of Directors, and improve the Company’s governance structure, the Company has established a Remuneration and Appraisal Committee and formulated these Implementation Rules in accordance with the *Company Law of the People’s Republic of China*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (hereinafter referred to as the “*Hong Kong Listing Rules*”), the *Articles of Association of Beijing Biostar Pharmaceuticals Co., Ltd.* (hereinafter referred to as the “*Articles of Association*”), and other relevant laws, administrative regulations, and normative documents.

**Article 2** The Remuneration and Appraisal Committee, established by the Board of Directors in accordance with the resolutions of the shareholders’ meeting, is a specialized working body of the Board of Directors and is accountable to it. The Committee’s primary responsibilities are to review and oversee the implementation of an effective remuneration and performance appraisal system, which incorporates appropriate incentives and constraints. It also proposes recommendations to the Board of Directors regarding the remuneration system, performance appraisal systems, and incentive plans for the Company’s directors, supervisors, and senior management and evaluates the performance and conduct of directors and senior management.

**Article 3** For the purposes of these Implementation Rules, “Directors” refers to directors of the Company who receive remuneration, and “Senior Management” refers to the General Manager, Deputy General Managers, Board Secretary, and Chief Financial Officer (Chief Accountant) appointed by the Board of Directors, and other senior management personnel designated by the Board of Directors.

## CHAPTER 2: COMPOSITION OF THE COMMITTEE

**Article 4** The Remuneration and Appraisal Committee shall consist of at least three directors, with independent non-executive directors comprising the majority of the Committee members.

**Article 5** Committee members are nominated by the Chairman of the Board of Directors, more than half of the independent non-executive directors, or one-third of all directors, and are appointed and dismissed by the Board of Directors.

**Article 6** The Committee shall have one convener (Chairperson), who must be an independent non-executive director and shall preside over the Committee's work. The convener is elected from among the Committee members and approved by the Board of Directors.

**Article 7** The primary responsibilities and powers of the Committee convener include:

- (1) Presiding over Committee meetings and signing meeting resolutions;
- (2) Proposing the convening of meetings;
- (3) Leading the Committee to ensure effective operations and fulfillment of its responsibilities;
- (4) Ensuring clear and definitive conclusions on each agenda item discussed by the Committee (including approval, rejection, or the need for additional materials);
- (5) Setting the agenda for each Committee meeting;
- (6) Ensuring that all Committee members are informed of the matters discussed and have access to complete and reliable information;
- (7) Other authorities granted by law, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, these Implementation Rules, and the Board of Directors.

**Article 8** Committee members serve terms concurrent with those of the directors. Members may be re-elected upon expiration of their terms. Any member who no longer holds a position as a director or independent non-executive director shall automatically lose Committee membership unless the number of Committee members falls below the statutory requirement, which would impair its ability to function. In such cases, the Board of Directors shall fill the vacancy in accordance with these Implementation Rules.

**Article 9** The primary responsibilities and powers of the Committee members include:

- (1) Attending Committee meetings on time, expressing opinions on matters discussed, and exercising voting rights;
- (2) Proposing topics for discussion at Committee meetings;
- (3) Attending or observing relevant Company meetings, conducting research, and accessing necessary reports, documents, and information for performing their duties;
- (4) Gaining a thorough understanding of the Committee's responsibilities and its own duties as a member of the Committee, familiarizing themselves with the Company's operations, activities, and developments related to their responsibilities, and ensuring their ability to fulfill their duties;
- (5) Committing sufficient time and effort to fulfill their duties;
- (6) Other authorities granted by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, these Implementation Rules, and the Board of Directors.

### **CHAPTER 3: RESPONSIBILITIES AND AUTHORITIES**

**Article 10** The primary responsibilities and authorities of the Remuneration and Appraisal Committee are as follows:

- (1) Developing performance appraisal standards for directors and senior management, reviewing their performance, conducting regular performance evaluations, and making recommendations to the Board of Directors;
- (2) Formulating and reviewing remuneration plans or schemes based on the scope, responsibilities, and significance of managerial positions of directors and senior management, with reference to remuneration levels in comparable companies and roles. Remuneration plans may include, but are not limited to, performance evaluation standards, procedures, core assessment systems, reward and disciplinary programs, and relevant systems;
- (3) Establishing remuneration packages for individual executive directors and senior management, including non-monetary benefits, pension entitlements, and compensation amounts (including compensation for loss or termination of duties or appointments). Such compensation shall be determined in accordance with relevant contract terms or, if unavailable, be fair, reasonable, and not impose an undue burden on the Company;

- (4) Making recommendations to the Board of Directors regarding the remuneration of non-executive directors;
- (5) Assessing and overseeing the Company's remuneration system and its implementation;
- (6) Considering remuneration paid by comparable companies, required time and responsibilities, and employment conditions within the Group;
- (7) Ensuring that no director or any of their associates (as defined in the *Hong Kong Listing Rules*) participates in the determination of their own remuneration;
- (8) Reviewing and/or approving matters related to share plans under Chapter 17 of the *Hong Kong Listing Rules*;
- (9) Addressing shareholders' inquiries regarding the remuneration of Company directors and senior management; and
- (10) Other responsibilities authorized by laws, regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, these Implementation Rules, and the Board of Directors.

**Article 11** The Remuneration and Appraisal Committee reports to the Board of Directors. The Committee's proposals are submitted to the Board of Directors for review and decision-making. The Committee shall cooperate with the Supervisory Committee in remuneration and appraisal activities.

The Committee shall provide all research discussions, materials, and information in the form of reports, recommendations, and summaries to the Board of Directors for consideration and decision-making.

#### **CHAPTER 4: RULES OF PROCEDURE**

**Article 12** The Remuneration and Appraisal Committee shall convene at least once per year, with all members notified three days in advance. This notification period may be waived with the unanimous consent of all members. Meetings shall be presided over by the Committee convener; if the convener is unable to attend, an independent non-executive director member may be designated to chair the meeting.

**Article 13** Committee meetings shall be held with the attendance of at least two-thirds of the members (including members attending by written proxy). Each member has one vote, and resolutions require the approval of a majority of all members to pass.

**Article 14** Committee voting shall be conducted either by a show of hands or by ballot.

**Article 15** When necessary, the Committee may invite directors, supervisors, and other senior management to attend meetings.

**Article 16** The Committee may, if necessary, engage intermediary agencies to provide professional advice for decision-making, with reasonable fees borne by the Company.

**Article 17** The convening procedures, voting methods, and resolutions of Committee meetings shall adhere to relevant laws, regulations, securities regulatory rules of the place where the Company's shares are listed, the *Articles of Association*, and these Implementation Rules.

**Article 18** Committee meetings shall be documented, and all attendees must sign the meeting minutes. These minutes shall be kept by the Secretary of the Board of Directors in accordance with the Company's archives management policy.

**Article 19** Proposals and voting results passed at Committee meetings shall be reported in writing to the Board of Directors.

**Article 20** All members present are obligated to keep all matters discussed at the meetings confidential and shall not disclose any information without authorization.

**CHAPTER 5: DECISION-MAKING PROCEDURES**

**Article 21** In its operations, the Committee shall be provided with relevant written materials, including:

- (1) The Company's primary financial indicators and completion status of business objectives;
- (2) The scope of responsibilities and performance of senior management;
- (3) Completion status of indicators related to the performance evaluation of directors and senior management;
- (4) Relevant calculations supporting the Company's remuneration plan and distribution methods;
- (5) Supervisory Committee appraisal opinions.

**Article 22** The evaluation procedures of the Committee for directors and senior management are as follows:

- (1) Directors and senior management shall submit work reports and self-evaluations to the Committee;
- (2) The Committee shall assess the performance of directors and senior management according to established evaluation standards and procedures;
- (3) Assess directors' and senior management's capacity for innovation and business potential;
- (4) Based on performance evaluations and remuneration distribution policies, the Committee shall propose recommendations for remuneration amounts and incentive methods for directors and senior management, which will be submitted to the Board of Directors;
- (5) For Board re-elections and appointments of senior management, special assessments may be conducted and completed before the Board of Directors meeting.

The Committee's remuneration plan for directors shall be approved by the Board of Directors and submitted to the shareholders' meeting for approval before implementation; the remuneration plan for senior management shall be approved by the Board of Directors.

## **CHAPTER 6: SUPPLEMENTARY PROVISIONS**

**Article 23** Unless otherwise specified, terms used in these Implementation Rules have the same meanings as defined in the *Articles of Association*.

**Article 24** These Implementation Rules shall take effect upon approval by the Board of Directors and the listing of the Company's overseas-listed shares (H shares) on the Stock Exchange of Hong Kong Limited.

**Article 25** Any matters not covered in these Implementation Rules shall be implemented in accordance with applicable national laws, regulations, securities regulatory rules of the place where the Company's shares are listed, and the *Articles of Association*. In case of conflicts between these Implementation Rules and national laws, regulations, securities regulatory rules of the place where the Company's shares are listed, or the *Articles of Association* as amended through lawful procedures, such laws, regulations, securities regulatory rules of the place where the Company's shares are listed and the *Articles of Association* shall prevail, and these Implementation Rules shall be amended accordingly and submitted to the Board of Directors for approval.

**Article 26** The Board of Directors reserves the right of interpretation of these Implementation Rules.