

BBI LIFE SCIENCES CORPORATION (the “Company”)

Terms of reference of the Risk Management Committee (the “Committee”) of the Board of Directors (the “Board”) of the Company

1. Constitution

- 1.1 The Committee is established pursuant to a resolution passed by the Board at its meeting held on 10 October 2014 with its responsibilities.
- 1.2 Subject to the regulations contained in the Companies Law of the Cayman Islands, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the articles of association of the Company, the procedures of the Committee shall be regulated by the provisions set out in these terms of reference.

2. Membership

- 2.1 Members of the Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members.
- 2.2 The Chairman of the Committee (the “**Chairman**”) shall be appointed by the Board.
- 2.3 The appointment of the members of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee.
- 2.4 The constitution of the Committee shall comply with laws and regulations applicable to the Company including any applicable requirements of the Listing Rules as amended from time to time.

3. Frequency and proceedings of meetings

- 3.1 The Committee should meet at least two times per year. The Chairman may convene additional meetings at his discretion.

3.2 Notice of Meeting

- (a) Unless otherwise agreed by all the Committee members, a Committee meeting shall be convened by at least seven days' notice.
- (b) A Committee member may at any time summon a Committee meeting.
- (c) Notice shall be given to each Committee member in person orally or in writing or by telephone or by facsimile transmission or email at numbers or addresses from time to time notified to the secretary of the Company by such Committee member or in such other manner as the Committee members may from time to time determine.
- (d) Any notice given orally shall be followed by confirmation in writing before the Committee meeting.
- (e) Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the Committee meeting. Such agenda and other documents should be sent in a timely manner and at least three days before the intended date of a meeting (or other period agreed by the Committee).

3.3 The quorum for the Committee meeting shall be two members of the Committee.

3.4 The company secretary of the Company shall act as the secretary of the Committee.

3.5 The Committee may from time to time, appoint any other person with appropriate qualification and experience to act as secretary of the Committee.

3.6 Only members of the Committee have the right to attend the Committee meetings. However, any director, executive or other person may be invited to attend the meetings when the Committee considers that their attendance can assist it to discharge its duties.

3.7 The resolution of the Committee should be passed by more than half of the members.

4. Written resolutions

Written resolutions may be passed by all Committee members in writing. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

5. Annual General Meeting

The chairman of the Committee shall attend (or in his/her absence, appoint another member of the committee or failing this his/her duly appointed delegate, to attend) the Annual General Meeting of the Company and be prepared to respond to shareholders' questions on the activities and responsibilities of the Committee.

6. Alternate Committee members

A Committee member may not appoint any alternate.

7. Authorities

7.1 The Committee is granted the authority to investigate any activity within its terms of reference and all employees are directed to cooperate with the Committee. The Committee is authorised by the Board to obtain outside legal or other independent professional advice at the Company's expense and to invite the attendance of outsiders with relevant experience and expertise if it considers this necessary.

7.2 The Committee should be provided with sufficient resources to perform all of its duties.

8. Duties

The duties of the Committee shall be to:

8.1 review the Company's risk management policies and standards, as well as the fundamental concepts and scope of compliance management;

8.2 review and provide comment on the overall target and basic policy of the compliance and risk management;

- 8.3 supervise and monitor the Company's exposure to sanctions law risks and implementation of the related internal control policies and procedures adopted by the Company;
- 8.4 supervise and monitor the development of risk and compliance management system of the Company;
- 8.5 review the settings and responsibilities of the Company's compliance and risk management, and to advise on the same;
- 8.6 review the compliance reports and risk assessment reports that need to be reviewed by the Board, and to make recommendations on improvement of the Company's compliance and risk management;
- 8.7 review and monitor the training and continuous professional development of the Directors and senior management;
- 8.8 monitor the effective implementation of the risk and compliance management by the management of the Company, and to evaluate the performance of the senior management responsible for risk and compliance management;
- 8.9 continuously monitor the use of proceeds from the global offering, as well as any other funds raised through the Stock Exchange of Hong Kong Limited, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the countries which are the targets of economic sanctions as administered by the United States Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), the laws of other countries and under international law, such as Iran, Lebanon, Sudan and Iraq ("**Sanctioned Countries**") or persons and entities listed on OFAC's Specially Designated Nationals and Blocked Persons List ("**Sanctioned Persons**");
- 8.10 evaluate and advise on the risks involved in major decisions that need to be reviewed by the Board and solutions to the major risks;
- 8.11 other matters as authorized by the Board;

- 8.12 make available its terms of reference, explaining the Committee's role and the authority delegated to it by the Board by including them on the respective websites of the Stock Exchange and the Company;
- 8.13 with the assistance of the Company's external professional adviser (if necessary), the internal audit team and the in-house legal team, prepare a list of Sanctioned Countries ("**List**") and provide a copy of the same to the sales team;
- 8.14 with the assistance of the Company's external professional adviser (if necessary), regularly review and update the List and notify the sales team of any changes as soon as possible;
- 8.15 set up a policy for the sales team to deal with situation when they encounter any business with customers or potential customers from countries identified in the List or Sanctioned Persons;
- 8.16 review and approve all relevant business transaction documentation from customers or potential customers from Sanctioned Countries;
- 8.17 review the information (such as identity, nature of business, etc.) relating to the counterparty to the contract along with the draft business transaction documentation;
- 8.18 check the counterparty against the various lists of restricted parties and countries maintained by U.S., the European Union, the United Nations or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions which lists are publicly available and determine whether the counterparty is, or is owned or controlled by, a person located in a Sanctioned Country or a sanctioned person;
- 8.19 review and evaluate the effectiveness of the internal control policies and procedures with respect to sanctions law matters from time to time;

- 8.20 if necessary, arrange external counsel to provide training programs relating to the sanction laws and relevant personnel to assist them in evaluating the potential sanction risks in the Group's daily operations and if necessary, conduct training courses for the sales team so as to enable them to familiarize themselves with the reporting requirements whenever they encounter any business dealings from customers or potential customers from countries identified in the List or with Sanctioned Persons; and
- 8.21 review and evaluate the report prepared by the sales team before deciding whether the sales team should be allowed to continue to deal with customers or potential customers from countries identified in the List.

9. Reporting Procedures

- 9.1 Full minutes of the meetings of the Committee (which should record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed) shall be kept by a duly-appointed secretary of the meeting and shall be open for inspection at any reasonable time on reasonable notice by any director of the Company. The duly-appointed secretary of the meeting shall circulate the draft and final version of minutes of meeting to all members of the Committee for their comment and records within a reasonable time after the meeting is held, and circulate the final version of minutes of meeting to all directors of the Company within a reasonable time after the meeting is held. The procedures set out in this paragraph shall also apply to the written resolutions of the Committee as referred to in paragraph 4 above.
- 9.2 The Chairman shall report to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

10. Continuing application of the articles of association of the Company

The articles of association of the Company regulating the meetings and proceedings of the directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

11. Powers of the Board

The Board may amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

12. Interpretation

The power to interpret these terms shall rest in the Board.

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