



Shandong Boan Biotechnology Co., Ltd.

山东博安生物技术股份有限公司

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

(Stock Code: 6955)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE OF THE BOARD

Chapter 1 General Provisions

- Article 1** Pursuant to the Company Law of the People's Republic of China, the Articles of Association of Shandong Boan Biotechnology Co., Ltd. (the "**Articles of Association**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and other relevant regulations, Shandong Boan Biotechnology Co., Ltd. (the "**Company**") has set up a remuneration committee (the "**Remuneration Committee**") under the board of directors (the "**Board**"), and hereby formulated these terms of reference, in an effort to optimize the appraisal and remuneration management system for directors, supervisors and senior management and enhance corporate governance of the Company.
- Article 2** The Remuneration Committee is a specific committee set up by the Board. Its main responsibilities are to formulate standards for appraising directors, supervisors and senior management of the Company and conduct assessments; formulate and review the policies for and proposals on the remuneration of directors, supervisors and senior management of the Company. The Remuneration Committee shall be accountable to the Board.
- Article 3** For the purposes of these terms of reference, the term "directors" shall refer to all of the directors who receive remuneration from the Company, the term "supervisors" shall refer to all of the supervisors who receive remuneration from the Company, and the term "senior management" shall refer to the senior management mentioned in the prospectus and interim or annual reports of the Company (whichever is the latest). It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the Company's directors, is appropriate.

Chapter 2 Composition

- Article 4** The Remuneration Committee shall comprise at least three (inclusive) directors, the majority of whom shall be independent non-executive directors.
- Article 5** Members of the Remuneration Committee shall be nominated by the chairman/chairlady of the Board, more than half of the independent non-executive directors or one-third of all directors, and shall be elected by the Board.
- Article 6** The Remuneration Committee shall have a chairperson (the “**chairperson**”) to be served by an independent non-executive director to take charge of the work of the Remuneration Committee. The chairperson shall be appointed by the Board.
- Article 7** The term of office of the Remuneration Committee shall be the same as that of the Board. Each member of the Remuneration Committee shall be eligible for re-election upon expiry of his or her term of office. During such period, if any member of the Remuneration Committee ceases to be a director of the Company, his or her membership in the Remuneration Committee shall lapse automatically, and the vacancy shall be filled by the person elected by the Board according to these terms.
- Article 8** The Remuneration Committee shall have a working team to provide the operation information of the Company and the relevant information of personnel being appraised, and to prepare for meetings of and implement the resolutions passed by the Remuneration Committee.

Chapter 3 Duties and Authorities

- Article 9** The Remuneration Committee shall have the following primary duties and authorities:
- (I) to make recommendations to the Board on the Company’s remuneration policy and structure for all directors, supervisors and senior management and on the establishment of formal and transparent procedures for formulating the remuneration policy;
 - (II) to review and approve the management’s remuneration proposals with reference to the corporate goals and objectives set by the Board (including benefits in kind, pensions and payment of compensation (including the compensation for losing or terminating the office or appointment));
 - (III) to determine the specific terms of the remuneration package for each executive director and senior management;

- (IV) to make recommendations to the Board on the remuneration of non-executive directors;
- (V) to make recommendations to the Board on the remuneration of supervisors;
- (VI) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (VII) to review and approve the 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;
- (VIII) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate;
- (IX) to ensure that no director or any of his or her associates is involved in determining his or her own remuneration;
- (X) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules (where applicable); and
- (XI) to conform to any requirement, 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 the Listing Rules or applicable law.

Article 10 The Board shall have the right to overrule any remuneration plans or packages that may prejudice the interest of shareholders.

Article 11 The remuneration plans for directors of the Company proposed by the Remuneration Committee shall be subject to the approval of the Board and may be implemented only upon the consideration and approval of the general meeting, or the remuneration of directors of the Company shall be determined by the Board of the Company with the authorization of the general meeting. The remuneration distribution plan for senior management of the Company shall be subject to the Board's approval.

Chapter 4 Decision-making Process

Article 12 The working team or relevant responsible department (the same below) under the Remuneration Committee shall be responsible for the preliminary preparatory work for the decision-making process of the Remuneration Committee and providing the following information of the Company:

- (I) major financial indicators and fulfillment of operation objectives of the Company;
- (II) scope of responsibility and performance of main duties of the senior management of the Company;
- (III) fulfillment of indicators under the performance evaluation system for the directors and senior management;
- (IV) business development and profit-making capability of directors and senior management;
- (V) the relevant calculation basis of the remuneration plans and distribution methods formulated according to the results of the Company.

Article 13 The Remuneration Committee shall conduct the following appraisal of directors and senior management based on the following procedures:

- (I) the directors and senior management of the Company shall report his or her work and self-evaluation to the Remuneration Committee of the Board;
- (II) the Remuneration Committee shall evaluate the performance of directors and senior management in accordance with the evaluation criteria and procedures;
- (III) the amount of remuneration and forms of incentive of the directors and senior management shall be proposed based on performance appraisal results and remuneration policies, and shall be submitted to the Board of the Company after resolving by voting.

Chapter 5 Rules of Procedures

- Article 14** The Remuneration Committee should meet at least once a year. Any member of the Remuneration Committee can call for a meeting.
- Article 15** A notice shall be given to all members three days before the date of a meeting of the Remuneration Committee. The meeting shall be presided over by the chairperson of the Remuneration Committee, and in case the chairperson is unable to attend, he or she may appoint another member of the Remuneration Committee (the member should be an independent non-executive director) to preside over the meeting on his or her behalf. Such notice may be waived with the unanimous consent of all members of the Remuneration Committee.
- Article 16** The quorum of a meeting of the Remuneration Committee shall be not less than two-thirds of the members. Each member shall have one vote. A resolution of the meeting must be passed by more than half of all the members of the Remuneration Committee.
- Article 17** A meeting can be attended in person or via telephone or video conferencing. Members of the Remuneration Committee can attend the meeting via telephone or any similar communication device (all persons attending such meeting should be able to hear from such member via such communication device). Resolutions of the Remuneration Committee, if to be made at a meeting, shall be passed by more than half of its members present at such meeting.
- Article 18** The Remuneration Committee may invite directors, supervisors and other senior management of the Company to attend its meetings if necessary. Only members of the Remuneration Committee shall have the right to vote at a meeting of the Remuneration Committee.
- Article 19** The Remuneration Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making at the cost of the Company.
- Article 20** When any subject of discussion of the Remuneration Committee relates to a member of the Remuneration Committee at a meeting, such member shall abstain from such meeting.

- Article 21** The procedures for convening of a meeting of the Remuneration Committee, its voting methods and the remuneration policies and distribution plans to be passed at such meeting must comply with the provisions of relevant laws, regulations, the Listing Rules, the Articles of Association and these terms of reference.
- Article 22** The Remuneration Committee shall keep minutes of the meetings. Members present at the meetings shall sign the minutes of the meetings that shall be kept by the secretary of the Company.
- Article 23** Resolutions passed and voting results at a meeting of the Remuneration Committee shall be reported in writing to the Board of the Company.
- Article 24** Members of the Remuneration Committee present at a meeting shall keep confidential all matters discussed at the meeting and shall not disclose such information without authorization.

Chapter 6 Supplementary Provisions

- Article 25** These terms of reference shall come into effective and be implemented upon the initial public offering of the overseas-listed foreign shares of the Company and from the date of its listing and trading on The Stock Exchange of Hong Kong Limited. The Terms of Reference of the Remuneration Committee of the Board of the Company that are currently in force shall automatically lapse from the effective date of these terms of reference.
- Article 26** In case of any inconsistency with the Chinese version of these terms, the Chinese version shall prevail.
- Article 27** For any matters not covered in these terms of reference, the relevant laws and regulations, the Listing Rules, other requirements of the Hong Kong securities regulatory authority, and the relevant provisions of the Articles of Association shall apply. If the relevant provisions of these terms contravene with the laws and regulations, the Listing Rules, other requirements of the Hong Kong securities regulatory authority and the Articles of Association as enacted or amended in the future, such relevant laws and regulations, the Listing Rules, other requirements of the Hong Kong securities regulatory authority, and the existing or revised Articles of Association shall prevail.
- Article 28** The power of interpretation of these terms of reference shall be vested in the Board of the Company.