

RemeGen Co., Ltd.*
榮昌生物製藥（煙台）股份有限公司

**TERMS OF REFERENCE OF
THE REMUNERATION AND APPRAISAL COMMITTEE UNDER
THE BOARD OF THE COMPANY**

CHAPTER 1 GENERAL PROVISIONS

- Article 1** In order to further establish a sound remuneration and appraisal management system and consummate corporate governance structure of RemeGen Co., Ltd.* (the “**Company**”), the remuneration and appraisal committee under the board of the Company (the “**Board**”) is established (the “**Remuneration and Appraisal Committee**”) and these terms of reference are formulated in accordance with relevant laws and regulations of the Company Law of the People’s Republic of China (the Company Law), the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Measures for the Management of Independent Directors of Listed Companies, the Self-Regulatory Guideline for Listed Companies on the Science and Technology Innovation Board of the Shanghai Stock Exchange No. 1 — Regularization of Operation, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules on The Stock Exchange of Hong Kong Limited**”) and the requirements of the articles of association of the Company (the “**Articles of Association**”).
- Article 2** The Remuneration and Appraisal Committee is a specialized working body under the Board and is principally responsible for evaluating the remuneration strategies and policies, performance appraisal and incentive schemes and other matters regarding the remuneration and appraisal of directors and senior management, and making relevant recommendations to the Board. Upon the approval by the Board, the relevant recommendations will be proposed for consideration at the general meeting.
- Article 3** For the purpose of these terms of reference, senior management means the general manager, deputy general manager, chief financial officer and secretary of the Board of the Company and other senior management personnel specified in the Articles of Association.

CHAPTER 2 COMPOSITION

Article 4 The Remuneration and Appraisal Committee shall consist of three (or more) directors who shall be directly appointed by the Board and the majority of whom shall be independent non-executive directors. The Remuneration and Appraisal Committee shall be chaired by an independent non-executive director.

Article 5 Members of the Remuneration and Appraisal Committee shall attend regular meetings of the committee, and shall actively express their opinions on matters proposed at the meetings and have a thorough understanding of the roles and responsibilities of the committee.

Article 6 The secretary of the Board or the company secretary of the Company or their proxy shall be the secretary of the Remuneration and Appraisal Committee.

Article 7 Members of the Remuneration and Appraisal Committee shall disclose to the chairman of the committee the following matters:

- (I) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Remuneration and Appraisal Committee; and
- (II) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the committee in relation to which such interest exists and abstain from participating in the discussions concerning such resolutions, and shall resign from the Remuneration and Appraisal Committee (at the request of the Board).

CHAPTER 3 DUTIES AND RESPONSIBILITIES

Article 8 The duties and responsibilities of the Remuneration and Appraisal Committee shall include:

- (I) making recommendations to the Board on the Company's policy and structure for the remuneration of all directors and senior management and establishment of a formal and transparent procedure for the formulation of a remuneration policy;
- (II) reviewing and approving remuneration proposals of senior management with reference to corporate goals and objectives as the Board may determine from time to time;

- (III) being responsible, as the Board directs, for making recommendations to the Board on the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (IV) making recommendations to the Board on the remuneration of non-executive directors (including independent non-executive directors) of the Company, advisors to the Board (if any) and members of various committees under the Board;
- (V) considering the remuneration paid, time commitment and responsibilities by comparable companies in such industry, and employment conditions elsewhere in the group;
- (VI) subject to prior approval at the general meeting, reviewing and approving 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, reasonable and not excessive;
- (VII) subject to prior approval at the general meeting, reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (VIII) ensure that none of the directors and their associates would participate in the determination of their own remuneration;
- (IX) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules on The Stock Exchange of Hong Kong Limited; and
- (X) handling other matters stipulated by laws, regulations, regulatory documents, the Articles of Association and these terms of reference, requirements of the securities regulatory authorities of the Company's place of listing and other matters as authorized by the Board.

Article 9 The Remuneration and Appraisal Committee shall put forward the remuneration plan for the directors of the Company, which shall be subject to approval by the Board and subsequently at the general meeting. The remuneration plan for the Company's senior management shall be submitted to the Board for approval. When the Board or the Remuneration and Appraisal

Committee evaluates a director or discusses his remuneration, such director shall abstain from voting. The foregoing remuneration plans shall not damage the interests of shareholders.

Article 10 Pursuant to Rule 13.68 of the Listing Rules on The Stock Exchange of Hong Kong Limited, the Remuneration and Appraisal Committee shall advise on directors' service agreements requiring the approval of shareholders. It shall notify shareholders of whether relevant terms in the agreements are fair and reasonable, whether such agreements are in the interest of the Company and its shareholders as a whole, and shall advise on procedures for shareholders (except for shareholders who are directors and who have material interest in such service agreements as well as their associates) to vote. The aforesaid directors' service agreements requiring shareholders' approval include agreements with a service term longer than three years, agreements providing for more than a one-year prior notice shall be given or compensation or other expenses equal to the remuneration of more than one year shall be paid if the Company terminates the agreements, or agreements required by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or other related and applicable securities regulatory authorities.

Article 11 The Remuneration and Appraisal Committee shall be responsible for approving all disclosure statements in relation to the Remuneration and Appraisal Committee, including but not limited to relevant disclosure statements in annual reports, semi-annual reports and information uploaded to the websites of the Stock Exchange and the Company.

Article 12 Subject to the Corporate Governance Code (the "**Governance Code**") set out in the Listing Rules on The Stock Exchange of Hong Kong Limited, the Remuneration and Appraisal Committee shall exercise other powers, authorities and discretions delegated by the Board to it from time to time in determining the remuneration of executive directors, non-executive directors and senior management, as well as perform other duties and responsibilities.

Article 13 In performing its duties in accordance with these terms of reference, the Remuneration and Appraisal Committee shall:

encourage the senior management to establish a remuneration culture which is in line with the Group's overall strategy, and supports the realization of the Group's vision, mission and values, and provide competitive packages to attract, retain and motivate high caliber executive directors of the Company with reference to market practice;

- (I) consult the chairman of the Board and/or the general manager about the remuneration proposals for other executive directors and senior management. The committee may seek independent professional advice if necessary;
- (II) be sensitive to market practice, including salary and employment conditions within the Company and elsewhere in the industry in which the Company operates, especially when determining increases in annual salary;
- (III) ensure that the part of remuneration linked to corporate and individual performance contributes a significant portion of the total remuneration package of executive directors and senior management, in order to motivate employees, align their interests with those of the shareholders, attract and retain talent, and to facilitate each of the directors and senior management to provide the highest quality of services to the Company; and share awards;
- (IV) ensure that the share options and share awards to be granted to the directors or senior management by the Company, if any, are in compliance with the requirements of Chapter 17 of the Listing Rules on The Stock Exchange of Hong Kong Limited, if applicable, and that the Company's employee incentive plan is in compliance with applicable regulations;
- (V) work closely with other committees under the Board and communicate with other committees appropriately on a regular basis to ensure the timely supervision of the remuneration management of the Company; and
- (VI) upload these terms of reference to the websites of the Stock Exchange and the Company to explain its role, duties and authority delegated to it by the Board.

CHAPTER 4 POWER

Article 14 The Remuneration and Appraisal Committee has the right to seek adequate resources and administrative support from the senior management of the Company and has separate and independent access to the senior management of the Group.

Article 15 The senior management shall provide the Remuneration and Appraisal Committee with all necessary information appropriate for the Remuneration and Appraisal Committee to discharge its responsibilities in a timely manner. The Remuneration and Appraisal Committee has the right to request any member of the senior management of the Company to promptly and as comprehensively as possible respond to the queries raised by any member of the Remuneration and Appraisal Committee.

Article 16 Members of the Remuneration and Appraisal Committee may, upon reasonable request, seek independent professional advice for their decision-making in appropriate circumstances, at the Company's expense. In the event of seeking professional advice from an external consultant, such consultant shall be appointed by the chairman of the Remuneration and Appraisal Committee and its opinions shall be directly submitted to the chairman of the Remuneration and Appraisal Committee (independent of the senior management).

CHAPTER 5 RULES OF PROCEDURE

Article 17 The Remuneration and Appraisal Committee is responsible for setting appraisal standards for directors and senior management and conducting appraisals, formulating and reviewing policies and programs for the remuneration of directors and senior management, and making recommendations to the Board of Directors on the following matters:

- (I) remuneration of directors and senior management;
- (II) formulation or change of the share incentive plan, employee stock ownership plan, granting of rights and interests to scheme participants, and fulfilment of the conditions for exercising the rights and interests;
- (III) arrangement of shareholding plans by directors and senior management in the subsidiaries to be spun off;
- (IV) other matters as stipulated by laws, administrative regulations, requirements of the securities regulatory authorities of the place where the Company's shares are listed and the Articles of Association.

If the Board of Directors does not adopt or does not fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinion of the Remuneration and Appraisal Committee and the specific reasons for its non-adoption in a resolution of the Board of Directors and disclose the same.

- Article 18** The Remuneration and Appraisal Committee shall convene regular meetings at least once a year. Notice shall be given to all members no less than 3 days prior to the meeting. Such notice period may be waived with the written consent of more than half of the members of the Remuneration and Appraisal Committee.
- Article 19** Extraordinary meetings may be convened upon proposal by the chairman or more than half of all members of the Remuneration and Appraisal Committee. Notices of extraordinary meetings shall be given to all members no less than 3 business days prior to the meeting. Such notice period may be waived with the written consent of more than half of the members of the Remuneration and Appraisal Committee.
- Article 20** Materials and notice of the meetings of the Remuneration and Appraisal Committee shall be issued simultaneously. Members shall familiarize themselves fully with the meeting materials prior to the meeting.
- Article 21** In principle, the meetings of the Remuneration and Appraisal Committee shall be convened by way of a physical meeting in the presence of more than half of all members. However, in order to allow all members to fully express their opinions, the meetings may also be convened by telecommunication means. Telecommunication means refers to the use of telephone, video conference and other means or circulation of written resolutions to participate in the meeting; circulation of written resolutions refers to the way of making decision on proposals through separate or circulated service. The quorum of the meetings of the Remuneration and Appraisal Committee shall be two, one of whom must be an independent non-executive director.
- Article 22** The chairman of the Remuneration and Appraisal Committee shall preside over meetings of the Remuneration and Appraisal Committee. In the event that the chairman of the Remuneration and Appraisal Committee is unable to attend, another member (who is an independent non-executive director) may be designated to preside over the meetings. If such designation is not made, more than half of the members being present shall select a member (who is an independent non-executive director) to preside over the meetings.
- Article 23** Members of the Remuneration and Appraisal Committee shall attend the meetings in person. In the event that a member is unable to attend, he/she may authorize another member in writing to attend and vote on his behalf. The proxy who attends and votes at the meeting shall submit the power of attorney to the chairman of the meeting before the meeting begins. The power of attorney shall set out the name of the principal, name of the proxy, matters

delegated, voting instructions on matters proposed at the meeting (for or against), scope and validity period of authorization, and shall be signed or sealed by the principal. The proxy shall exercise the right within the scope of authorization. The principal who authorizes other members to attend the meeting on his behalf shall be solely liable to any decisions made by the proxy within his scope of authorization.

Article 24 Votes at the meetings of the Remuneration and Appraisal Committee shall be conducted by a show of hands, by voice vote or by open ballot, and every member shall have one vote. Resolutions made at the meetings shall not take effect unless they are passed by more than half of all members (including members unable to be present). Members of the Remuneration and Appraisal Committee shall give express votes, either for or against, and may not abstain from voting.

Article 25 Representatives of the Human Resources Department shall usually attend the meetings of the Remuneration and Appraisal Committee to provide assistance. At the request of the Remuneration and Appraisal Committee, it may also invite non-members of the Remuneration and Appraisal Committee such as directors, supervisors, the relevant members of senior management and persons-in-charge of the relevant departments of the Company to be in attendance at some or all of the meetings of the Remuneration and Appraisal Committee. Prior approval from the chairman of the Remuneration and Appraisal Committee shall be obtained for the list of such persons in attendance at the meeting.

Article 26 In the process of evaluating the directors and senior management and discussing their remunerations, any member who is involved, along with his/her associates shall abstain from attending the meetings. If a non-executive director or an independent non-executive director is a member of the Remuneration and Appraisal Committee, his/her remuneration shall be determined by other members of the Remuneration and Appraisal Committee.

Article 27 Full records of the meetings of the Remuneration and Appraisal Committee shall be kept. Minutes of the meetings of the Remuneration and Appraisal Committee shall sufficiently record the matters considered and decisions reached by the Remuneration and Appraisal Committee in detail, including any concerns raised by the members or dissenting views expressed. Members attending the meetings shall sign on the final version of the minutes of the meetings of the Remuneration and Appraisal Committee.

Article 28 Members of the Remuneration and Appraisal Committee and persons in attendance at the meetings are obligated to keep all considered matters confidential and shall not disclose such information without approval.

CHAPTER 6 REPORTING PROCEDURES

Article 29 All minutes of the meetings prepared by the Remuneration and Appraisal Committee in accordance with Article 27 of these Terms of Reference shall be kept by the secretary of the Remuneration and Appraisal Committee and be available for inspection at any reasonable time on reasonable notice by any director.

Article 30 The Remuneration and Appraisal Committee shall regularly report to the Board on matters set out in these terms of reference, including the work of the Remuneration and Appraisal Committee and any material issues in relation to the remuneration system of the Company, and shall consider other topics as defined by the Board, unless it is prohibited by laws or regulations.

CHAPTER 7 ANNUAL GENERAL MEETING

Article 31 The chairman of the Remuneration and Appraisal Committee shall attend annual general meetings of the Company and be prepared to answer any shareholder's questions in relation to the affairs of the Remuneration and Appraisal Committee.

Article 32 If the chairman of the Remuneration and Appraisal Committee is unable to attend an annual general meeting of the Company, he shall arrange for another member of the Remuneration and Appraisal Committee to attend in his place. Such member shall be prepared to answer any shareholder's questions in relation to the work of the Remuneration and Appraisal Committee at the annual general meeting.

CHAPTER 8 EFFECTIVE DATE AND AMENDMENTS

Article 33 These terms of reference shall take effect upon approval by the Board. When these terms of reference become effective, the original Terms of Reference of the Remuneration and Appraisal Committee under the Board of Directors of the Company will lapse automatically. Where it is necessary to amend these terms of reference in light of changes in circumstances, the amendments shall be proposed by the Remuneration and Appraisal Committee and submitted to the Board for consideration and approval.

Article 34 Matters not covered by these terms of reference shall be handled in accordance with the requirements of relevant laws and regulations and administrative regulations, departmental rules applicable in the People's Republic of China, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association; in case there is any inconsistency between these terms of reference and any future relevant laws and regulations, the regulatory rules of the place where the shares of the Company are listed or the Articles of Association, the relevant laws and regulations, the regulatory rules of the place where the shares of the Company are listed and the Articles of Association shall prevail.

Article 35 These terms of reference shall be interpreted by the Board.

* *For identification purposes only*