

Ab&B Bio-Tech CO., LTD. JS
Terms of Reference – Remuneration and Appraisal Committee
(Applicable after listing on the Stock Exchange)

Chapter 1 General Provisions

- Article 1** In an effort to improve the appraisal and remuneration management system for the directors, supervisors and senior management personnel of Ab&B Bio-Tech CO., LTD. JS (the “Company”) and to enhance its corporate governance structure, pursuant to the Company Law of the People’s Republic of China (the “Company Law”), the Articles of Association of Ab&B Bio-Tech CO., LTD. JS (the “Articles of Association”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other relevant regulations, the Company established a remuneration and appraisal committee of the Board of Directors (the “Remuneration and Appraisal Committee”) and hereby formulates these terms of reference.
- Article 2** The Remuneration and Appraisal Committee is a special committee established by the Board of Directors. Its main responsibilities are to formulate standards for appraising directors, supervisors and senior management personnel of the Company and conduct assessments thereof; to formulate and review the policies for and proposals on the remuneration of directors, supervisors and senior management personnel of the Company. The Remuneration and Appraisal Committee shall be accountable to the Board of Directors.
- Article 3** For the purposes of these terms of reference, the term “directors” shall refer to all the directors who receive remuneration from the Company, the term “supervisors” shall refer to all the supervisors who receive remuneration from the Company, and the term “senior management personnel” shall refer to the Company’s general manager, deputy general manager, financial officer, secretary to the Board of Directors and other personnel as stipulated in the Articles of Association.

Chapter 2 Composition

- Article 4** The Remuneration and Appraisal Committee shall comprise at least three directors, the majority of whom shall be independent non-executive directors.
- Article 5** Members of the Remuneration and Appraisal Committee shall be 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 shall be elected by the Board of Directors.
- Article 6** The Remuneration and Appraisal Committee shall have a chairperson (the “Chairperson”) who shall be served by an independent non-executive director and responsible for presiding over the work of the committee. The Chairperson shall be appointed by the Board of Directors.

Article 7 The term of office of the Remuneration and Appraisal Committee shall be the same as that of the Board of Directors. Each member of the committee shall be eligible for re-election upon expiry of his or her term of office. During such period, if any member of the Committee ceases to be a director of the Company, his or her membership in the committee shall lapse automatically, and the vacancy shall be filled by the person elected by the Board of Directors according to these terms of reference.

Article 8 The Remuneration and Appraisal Committee shall have a working team to provide the operation information of the Company and the relevant information of personnel being appraised, to prepare for meetings of and to implement the resolutions passed by the Remuneration and Appraisal Committee.

Chapter 3 Secretary

Article 9 The role of the secretary of the Remuneration and Appraisal Committee shall be served by any of the company secretary or joint company secretaries.

Article 10 The Remuneration and Appraisal Committee could from time to time appoint other persons with appropriate qualifications and experience as the secretary of the Remuneration and Appraisal Committee.

Chapter 4 Duties and Powers

Article 11 The Remuneration and Appraisal Committee shall have the following primary duties and powers:

- (I) to make recommendations to the Board of Directors on the policy and structure for remuneration of all directors, supervisors and senior management personnel of the Company and on the establishment of a formal and transparent procedure for formulating remuneration policies;
- (II) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives set by the Board of Directors;
- (III) to advise the Board of Directors on the remuneration packages for each executive directors and senior management personnel (including non-monetary benefits, pensions and payment of compensation (including compensation for losing or terminating office or appointment));
- (IV) to make recommendations to the Board of Directors on the remuneration of non-executive directors;
- (V) to make recommendations to the Board of Directors 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 personnel for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable 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 deciding his or her own remuneration.
- (X) to evaluate the performance of executive directors and include the evaluation results in the annual work summary;
- (XI) to review the terms of service agreements for the directors and supervisors;
- (XII) to review, approve and handle matters relating to share schemes under the responsibility of the Remuneration and Appraisal Committee as referred to in Chapter 17 of the Hong Kong Listing Rules (if necessary); and
- (XIII) to perform other duties and powers authorized by the Board of Directors and/or required by applicable laws and regulations from time to time (including the Hong Kong Listing Rules).

Article 12 The Board of Directors shall have the right to overrule any remuneration plans or packages that may prejudice the interest of shareholders.

Article 13 The Remuneration and Appraisal Committee should consult the chairman of the Board of Directors and/or the chief executive officer (CEO) about the remuneration proposals for other executive directors. The Remuneration and Appraisal Committee shall have access to independent professional advice if necessary.

Article 14 The remuneration plans for directors of the Company proposed by the Remuneration and Appraisal Committee shall be subject to the approval of the Board of Directors and may be implemented only upon the consideration and approval of the general meeting. The remuneration distribution plan for senior management personnel of the Company shall be subject to the Board of Directors' approval.

Article 15 The Remuneration and Appraisal Committee is authorized by the Board of Directors to seek any necessary information related to remuneration from the directors and senior management personnel of the Company to perform its duties. The Remuneration and Appraisal Committee shall be provided with sufficient resources to perform its duties.

Article 16 The Chairperson or, in his/her absence, another member (who must be an independent non-executive director) of the Remuneration and Appraisal Committee shall attend the annual general meetings of the Company, and handle the shareholders' enquiry on the activities and responsibilities related to the Remuneration and Appraisal Committee at such meetings.

Chapter 5 Decision-making Procedures

Article 17 The working team under the Remuneration and Appraisal Committee shall be responsible for the preliminary preparatory work for the decision-making procedures of the Remuneration and Appraisal Committee and providing the following information of the Company:

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

Article 18 The Remuneration and Appraisal Committee shall conduct the appraisal of directors and senior management personnel based on the following procedures:

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

Chapter 6 Rules of Procedures

- Article 19** The Remuneration and Appraisal Committee shall meet at least once a year. Any member of the Remuneration and Appraisal Committee may call for a meeting.
- Article 20** A notice shall be given to all members three days before the date of a meeting of the Remuneration and Appraisal Committee. The meeting shall be presided over by the Chairperson, and in case the Chairperson is unable to attend, he or she may appoint another member (who shall be an independent non-executive director) to preside over the meeting on his or her behalf. Such notification period may be waived with the unanimous consent of all members of the Remuneration and Appraisal Committee. Notwithstanding the notification period, the attendance of a member of the Remuneration and Appraisal Committee at the meeting would be deemed as the waiver of the required notification period.
- Article 21** The quorum of a meeting of the Remuneration and Appraisal 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 members of the Remuneration and Appraisal Committee.
- Article 22** A meeting may be attended in person or via telephone or video conferencing. Members of the Committee may attend the meeting via telephone or any similar communication device, where all attendants shall be able to hear each other via the devices. Resolutions of the Remuneration and Appraisal Committee, if to be made at a meeting, shall be passed by more than half of its members present at such meeting.
- Article 23** A resolution signed in writing by all members of the Remuneration and Appraisal Committee shall also be valid as if it had been passed at a meeting of the Remuneration and Appraisal Committee duly convened and held.
- Article 24** The Remuneration and Appraisal Committee may invite directors, supervisors and senior management personnel of the Company to attend its meetings as non-voting participants, if necessary. However, only the members of the Remuneration and Appraisal Committee are entitled to vote thereat.
- Article 25** The Remuneration and Appraisal Committee may, if necessary, engage an intermediary to provide professional advice for its decision-making at the expense of the Company.
- Article 26** When a member becomes the subject of a discussion at the meeting of the Remuneration and Appraisal Committee, such member shall recuse him/herself.
- Article 27** The procedures for convening a meeting of the Remuneration and Appraisal Committee, voting methods of and the remuneration policies and distribution proposals to be passed at such meeting must comply with the provisions of relevant laws, regulations, the Hong Kong Listing Rules, the Articles of Association and these terms of reference.

- Article 28** The Remuneration and Appraisal Committee shall keep minutes of the meetings. Members present at the meetings shall sign the minutes of the meetings that shall be kept by secretary to Board of Directors of the Company or the secretary of the Remuneration and Appraisal Committee and be available for review by all directors. Draft and final versions of minutes of the meetings should be delivered to all members of the Remuneration and Appraisal Committee within a reasonable period after the meeting. The draft is for expressing opinion among the members and the final version is for record keeping purposes.
- Article 29** Resolutions passed at and voting results of a meeting of the Remuneration and Appraisal Committee shall be reported in writing to the Board of Directors of the Company.
- Article 30** Members of the Remuneration and Appraisal Committee present at a meeting shall keep confidential of all matters discussed at the meeting and shall not disclose such information without authorization.

Chapter 7 Supplementary Provisions

- Article 31** After the approval of the Board of Directors, these terms of reference shall come into effective and be implemented upon the foreign listing of the Company through initial public offering of H shares and the listing of the same for trading on The Stock Exchange of Hong Kong Limited. The existing rules of procedures for the Remuneration and Appraisal Committee shall automatically lapse from the effective date of these terms of reference.
- Article 32** For any matters not covered in these terms of reference, the relevant laws and regulations, the Hong Kong Listing Rules, other requirements of the securities regulatory authority in Hong Kong, and the relevant provisions of the Articles of Association shall apply. If the relevant provisions of these terms of reference contravene with the relevant laws and regulations, the Hong Kong 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 Hong Kong Listing Rules, other requirements of the Hong Kong securities regulatory authority, and the existing or revised Articles of Association shall prevail.
- Article 33** The right to interpret these terms of reference shall be vested in the Board of Directors of the Company.
- Article 34** In case of any inconsistency with the Chinese version of these terms of reference, the Chinese version shall prevail.