GUANGZHOU INNOGEN PHARMACEUTICAL GROUP CO., LTD.
TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD OF DIRECTORS

Chapter 1 General Provisions

Article 1 With an aim to establish and further improve the remuneration and appraisal management system of Guangzhou Innogen Pharmaceutical Group Co., Ltd. (the "**Company**") and improve the corporate governance structure, the Remuneration and Appraisal Committee of the Board of Directors has been established and the Terms of Reference of the Remuneration and Appraisal Committee of the Board of Directors (the "**Terms of Reference**") have been formulated based on the actual conditions of the Company according to relevant applicable laws, administrative regulations, departmental rules, regulatory documents including the Company Law of the People's Republic of China (the "**Company Law**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"), the Articles of Association of Guangzhou Innogen Pharmaceutical Group Co., Ltd. (the "**Articles of Association**"), as well as the resolutions of the Board of Directors.

Article 2 The Remuneration and Appraisal Committee is a specialized working body under the Board of Directors of the Company. It is mainly responsible for studying and formulating the appraisal standards for directors, supervisors and senior management, making assessments in accordance with the standards, as well as putting forward opinions and recommendations; and studying, formulating and reviewing the remuneration plans or proposals for directors, supervisors and senior management of the Company.

Article 3 The directors mentioned in the Terms of Reference refer to the directors of the Company, and the senior management refers to the general manager, head of finance (chief financial officer), secretary to the Board of Directors, other senior management specified in the Articles of Association and other personnel specifically appointed by the Board of Directors as senior management of the Company.

Chapter 2 Composition

Article 4 The majority of the members of the Remuneration and Appraisal Committee shall be independent non-executive directors.

Article 5 Members of the Remuneration and Appraisal Committee shall be nominated by the chairman or the Nomination Committee of the Board of Directors, and shall be elected by a majority of the directors of the Board of Directors. After the proposal for electing members of the Remuneration and Appraisal Committee has been approved, the new members of the Remuneration and Appraisal Committee shall take office immediately after the conclusion of the meeting of the Board of Directors.

Article 6 The members of the Remuneration and Appraisal Committee shall be appointed and removed by the Board of Directors. The Remuneration and Appraisal Committee shall report to the Board of Directors from time to time.

Article 7 The Remuneration and Appraisal Committee shall have one convener, being the chairman of the Remuneration and Appraisal Committee, who shall be an independent non-executive director. The chairman of the Remuneration and Appraisal Committee shall be appointed by the Board of Directors and shall be in charge of the work of the Remuneration and Appraisal Committee. When the chairman of the Remuneration and Appraisal Committee is unable to or fails to perform his/her duties, an independent non-executive director shall be jointly elected by more than half of the members to perform the chairman's duties.

Article 8 The term of office of the Remuneration and Appraisal Committee shall be the same as that of the Board of Directors. A member may serve consecutive terms if re-elected upon expiry of his/her term of office. During his/her term of office, if any member ceases to be a director of the Company, or any member with the capacity of an independent non-executive director ceases to have the independence as stated in the Articles of Association and the Hong Kong Listing Rules, he/she shall automatically be disqualified as a member of the Remuneration and Appraisal Committee. A member may submit his/her resignation report in writing to the Board of Directors prior to the expiry of his/her term of office to resign from his/her position in the Remuneration and Appraisal Committee. The resignation report shall include a statement of the reasons for such resignation and if necessary the matters that should be brought to the attention of the Board of Directors of the Company. In the event that members of the Remuneration and Appraisal Committee are disqualified or permitted to resign, the Board of Directors shall fill the vacancy in accordance with applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and the provisions of Articles 4 to 7 above. The term of office for the member filling the vacancy shall expire upon the expiration of his/her term of office as a director or an independent non-executive director. A member of the Remuneration and Appraisal Committee shall not, before the expiry of his/her term of office, be relieved of his/her duties without causes except for the situations that prevent such member from holding office as specified in the Company Law, the Articles of Association or the Hong Kong Listing Rules.

Chapter 3 Duties and Authorities

Article 9 The main duties and authorities of the Remuneration and Appraisal Committee are:

(I) to formulate the remuneration policies and structure (including but not limited to performance evaluation standards, procedures and main evaluation system, major plans and systems for rewards and punishments) for all directors, supervisors and senior management of the Company based on the main scope, responsibilities and importance of their positions and the remuneration level of relevant positions in other similar enterprises, time required to devote in and the employment conditions of other positions in the Group, to make recommendations to the Board of Directors on the establishment of a formal and transparent procedure for developing remuneration policies and to oversee the implementation of the proposals;

(II) to review and approve the management's remuneration proposals with reference to the corporate policies and objectives of the Board of Directors;

(III) to examine the performance of duties by the directors and senior management of the Company and conduct annual performance appraisal for them, formulate year-end incentive plan and submit it to the Board of Directors for decision and implementation;

(IV) to supervise the implementation of the Company's remuneration policies;

(V) to make recommendations to the Board of Directors on the determination of the remuneration packages of individual executive directors, supervisors and senior management, including benefits in kind, pension rights and compensation payments (including compensation payable for loss or termination of office or appointment), and to make recommendations to the Board of Directors on the remuneration of non-executive directors;

(VI) to consult the chairman of the Board of Directors or the general manager in respect of the remuneration proposed for other executive directors. The Remuneration and Appraisal Committee shall seek independent professional opinions if necessary;

(VII) to review and approve the compensation payable to executive directors, supervisors and senior management for any loss or termination of office or appointment, so as to ensure that such compensation is consistent with the contractual terms; and if not, the compensation should be fair and reasonable and not excessive;

(VIII) to review and approve compensation arrangements relating to the dismissal or removal of directors for misconduct, so as to ensure that such arrangements are consistent with the contractual terms and are otherwise reasonable and appropriate;

(IX) to ensure that any director or any of his/her associate (as defined in the Hong Kong Listing Rules) does not participate in the determination of his/her own remuneration; and in relation to a non-executive director who is also a member of the Remuneration and Appraisal Committee, his/her remuneration shall be determined by other members of the Remuneration and Appraisal Committee;

(X) to review incentive schemes and directors' service contracts;

(XI) to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules; and

(XII) to assume duties and authorities prescribed by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange where the shares of the Company are listed, the Articles of Association, and other matters authorized by the Board of Directors.

Article 10 The remuneration plans or schemes proposed by the Remuneration and Appraisal Committee shall not prejudice the interests of the shareholders. The Board of Directors shall have the right to reject any remuneration plans or schemes that prejudice the interests of the shareholders.

Article 11 The remuneration plans or schemes for the directors and supervisors of the Company proposed by the Remuneration and Appraisal Committee shall be approved by the Board of Directors and submitted to a general meeting for consideration and approval before implementation (if applicable). The remuneration plans or schemes for the senior management of the Company shall be reported to the Board of Directors for approval. The Remuneration and Appraisal Committee shall be accountable to the Board of Directors and proposals shall be submitted to the Board of Directors for consideration. Relevant departments of the Company shall be obligated to cooperate with the Remuneration and Appraisal Committee and provide relevant materials. The Remuneration and Appraisal Committee shall be provided with sufficient resources to discharge its duties.

Pursuant to the Rule 13.68 of the Hong Kong Listing Rules, the abovementioned service contracts of directors or supervisors, which are subject to the shareholders' approval, include:

(I) service contracts with a term of over three years; or

(II) contracts which may not be terminated by the Company unless a more than one year's notice is given or a compensation or other payments amounting to more than one year's emoluments are made.

The Remuneration and Appraisal Committee shall make comments on the above service contracts of directors or supervisors which are subject to the shareholders' approval, notify shareholders on whether relevant contract terms are fair and reasonable, whether relevant contracts are in the interests of the Company and its shareholders as a whole, and shall put forward opinions on how shareholders (other than those shareholders who are directors or supervisors and have a material interest in such service contracts, as well as associates thereof) should vote.

Article 12 The Remuneration and Appraisal Committee shall make available the Terms of Reference explaining its role and the authority delegated to it by the Board of Directors on the websites of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and the Company.

Chapter 4 Working Procedures

Article 13 The human resources department of the Company is the day-to-day working body of the Remuneration and Appraisal Committee. It is responsible for providing information related to human resources as well as individuals to be assessed, preparing for meetings of the Remuneration and Appraisal Committee and implementing relevant resolutions of the Board of Directors and the Remuneration and Appraisal Committee.

Article 14 The human resources department of the Company shall be responsible for the preliminary preparation for the Remuneration and Appraisal Committee's decision-making and providing the following materials of the Company:

(I) the Company's key financial indicators and achievement of operating targets;

(II) the scope of work and performance of main duties of the directors, supervisors and senior management of the Company;

(III) extent to which the targets set out under the job performance appraisal system have been achieved by the directors, supervisors and senior management;

(IV) operational performance of the directors, supervisors and senior management in terms of the capability in business innovation and profit generation;

(V) relevant calculation basis indicating remuneration plans or proposals of the Company proposed in accordance with the performance of the Company.

(VI) maintaining daily working contact with the intermediaries designated by the Remuneration and Appraisal Committee; and

(VII) providing information on various remuneration systems and their implementation across the Company at the request of the Remuneration and Appraisal Committee.

The Remuneration and Appraisal Committee performs the main duties under Article 9 of the Terms of Reference based on the information provided by the human resource department of the Company.

The chairman of the Remuneration and Appraisal Committee or (if the chairman is absent) another member of the Remuneration and Appraisal Committee (who must be an independent non-executive director) shall attend the annual general meeting of the Company and respond to the enquiries from shareholders regarding the activities and responsibilities of the Remuneration and Appraisal Committee.

Chapter 5 Rules of Procedure

Article 15 The Remuneration and Appraisal Committee shall hold at least one meeting every year. An extraordinary meeting of the Remuneration and Appraisal Committee may be convened by the chairman of the Remuneration and Appraisal Committee as he/she deems it necessary, upon the proposal of more than half of the members of the Remuneration and Appraisal Committee or recommendation of the chairman of the Board of Directors.

Article 16 The meetings of the Remuneration and Appraisal Committee shall be convened by the chairman of the Remuneration and Appraisal Committee. Notices of meetings, signed by the chairman of the Remuneration and Appraisal Committee, and materials for meetings shall be delivered to all members of the Remuneration and Appraisal Committee three days (excluding the date of convening such meetings) prior to such meetings. Upon unanimous consent of all members of the Remuneration and Appraisal Committee, the requirement for such prior notice period may be exempted.

Article 17 The meetings of the Remuneration and Appraisal Committee shall be presided over by the chairman of the Remuneration and Appraisal Committee. If the chairman of the Remuneration and Appraisal Committee is unable to attend, a member who is an independent non-executive director may be appointed to preside over the meetings.

Article 18 The meetings of the Remuneration and Appraisal Committee shall be held only when more than two-thirds of the members are present, one of whom shall be an independent non-executive director. If a member is unable to attend a meeting, he/she may by a written power of attorney appoint another member to attend and vote at the meeting on his/her behalf. The power of attorney shall set out the name of the proxy, the matters delegated, the scope of authorization and the validity period, and shall be signed or stamped by the appointer and submitted to the presider of the meeting no later than the time when voting takes place in the meeting.

Resolutions made at the meetings must be passed by a majority of all members, and relevant resolutions or opinions shall be signed by the participating members of the Remuneration and Appraisal Committee. Each member shall have one vote and may vote for, against or abstain from voting on a given matter. Where the respective votes for and against a resolution are equal in number, the chairman of the Remuneration and Appraisal Committee shall have a casting vote.

Article 19 Meetings of the Remuneration and Appraisal Committee may be held by on-site meetings, teleconferences, video conferences, circulation of documents, facsimile, email or other appropriate means.

Article 20 Directors, supervisors, senior management and external advisors may be invited to attend meetings of the Remuneration and Appraisal Committee when necessary. Persons present at the meetings may explain or illustrate the matters discussed at the meetings, but non-members of the Remuneration and Appraisal Committee shall have no voting rights.

Article 21 The Company should provide the Remuneration and Appraisal Committee with sufficient resources to perform its duties. The senior management of the Company and relevant departments shall adopt a cooperative and supportive attitude towards the Remuneration and Appraisal Committee, provide relevant information and actively cooperate with the Remuneration and Appraisal Committee. If necessary, the Remuneration and Appraisal Committee may engage independent intermediary institutions to provide professional opinions for its decision-making at the expense of the Company.

Article 22 When discussing proposals related to members of the Remuneration and Appraisal Committee, the members involved shall rescue themselves.

Article 23 The convening procedures and voting methods of, and the remuneration policies and distribution plans passed at the meetings of the Remuneration and Appraisal Committee shall comply with applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules, the Articles of Association, and the Terms of Reference.

Article 24 The Remuneration and Appraisal Committee shall keep the minutes of its meetings, and the minutes of the meetings shall be signed by the members attending the meetings and shall be kept by the secretary of the Board of Directors of the Company. Relevant minutes of the meetings shall be available for inspection at any reasonable time and on reasonable notice by any member. Draft and final versions of the minutes of the meetings shall be circulated to all members within a reasonable time upon conclusion of the meetings of the Remuneration and Appraisal Committee for their comment and record, respectively.

Article 25 The resolution passed at the meetings of the Remuneration and Appraisal Committee and the poll results shall be reported in writing to the Board of Directors of the Company for consideration.

Article 26 Members attending the meeting and persons present at the meeting have the obligation to keep confidential the matters discussed at the meeting, and shall not disclose relevant information without authorization, unless otherwise stipulated by applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and/or regulatory authorities.

Chapter 6 Supplementary Provisions

Article 27 The phrase "more than" as referred to herein shall include the number itself while "majority" shall exclude the number itself.

Article 28 After the consideration and approval by the Board of Directors, the Terms of Reference shall come into effect and be implemented from the date when the Company's initial public offering of H shares is listed on the Hong Kong Stock Exchange. The Terms of Reference shall be amended and interpreted by the Board of Directors. The original Terms of Reference of the Remuneration and Appraisal Committee of the Board of Directors of Guangzhou Innogen Pharmaceutical Group Co., Ltd. shall automatically become null and void as of the effective date of the Terms of Reference.

Article 29 Matters not covered herein shall be implemented in accordance with the provisions of applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and the Articles of Association. Where the Terms of Reference conflicts with any provisions of applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and other relevant regulatory rules of the place where the shares of the Company are listed or the Articles of Association, such applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and other relevant regulatory rules of the place where the shares of the Company are listed and the Articles of Association shall prevail, and the Terms of Reference shall be amended accordingly as soon as practicable and submitted to the Board of Directors for consideration and approval.