

Jiangxi Institute of Biological Products Inc.

Terms of Reference of Remuneration and Appraisal Committee Under the Board of Directors

CHAPTER I GENERAL PROVISIONS

Article 1 To further strengthen the remuneration and appraisal management system for the Directors and senior management members of the Company and to enhance the governance structure of the Company, the Board of Directors hereby establishes the Remuneration and Appraisal Committee under the Board of Directors (hereinafter referred to as the “**Committee**”) and formulates the Terms of Reference of Remuneration and Appraisal Committee under the Board of Directors of Jiangxi Institute of Biological Products Inc. (hereinafter referred to as the “**Terms of Reference**”) in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), other laws, administrative regulations, normative documents and the regulatory rules of the place where the shares of the Company are listed (including the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (hereinafter referred to as the “**Hong Kong Listing Rules**”) and the Articles of Association of Jiangxi Institute of Biological Products Inc. (hereinafter referred to as the “**Articles of Association**”).

Article 2 The Remuneration and Appraisal Committee is a specialized working body established by the Board of Directors pursuant to the Board resolution. It is primarily responsible for formulating evaluation criteria for the Company’s Directors and senior management members and conducting evaluation, and developing and reviewing remuneration policies and schemes for such personnel, and is accountable to the Board of Directors. It shall report its decisions or recommendations to the Board of Directors, unless prohibited by national laws, regulations or regulatory restrictions from doing so.

Article 3 The Board secretary of the Company provides comprehensive services to the Remuneration and Appraisal Committee, including coordinating its daily liaison work and meeting arrangements. The Company’s human resources department shall provide professional support to the Remuneration and Appraisal Committee by supplying relevant information concerning the operation and personnel subject to appraisal, as well as reporting on the implementation of the appraisal system to the Remuneration and Appraisal Committee.

CHAPTER II COMPOSITION

Article 4 Members of the Remuneration and Appraisal Committee (hereinafter referred to as “**Members**”) shall consist of at least three Directors, and the majority of Members should be the independent non-executive Directors.

Article 5 The Remuneration and Appraisal Committee shall be nominated by the chairperson of the Board of Directors, not less than one-half of the independent non-executive Directors or one-third of all Directors, and elected by the Board of Directors.

Article 6 The Remuneration and Appraisal Committee shall have one Chairperson (Convener), who shall be an independent non-executive Director responsible for the Committee’s work. The Chairperson (Convener) of the Remuneration and Appraisal Committee shall be appointed upon approval by the Board of Directors.

Article 7 The term of the Remuneration and Appraisal Committee shall be consistent with that of the Board of Directors. Members whose terms expire may be re-elected for consecutive terms. If any Committee member ceases to serve as a Director of the Company during his term, or if a member required to be an independent non-executive Director no longer meets the independence requirements stipulated by the regulatory rules of the place where the shares of the Company are listed (including the Hong Kong Listing Rules), relevant laws, regulations, rules, normative documents or the Articles of Association, such member shall automatically lose his/her membership, and the Committee shall fill the vacancy in accordance with the provisions of the Terms of Reference.

CHAPTER III RESPONSIBILITIES AND AUTHORITIES

Article 8 The Remuneration and Appraisal Committee shall consult the chairperson of the Board of Directors and/or the chief executive officer on the remuneration proposals for other executive Directors.

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

- (I) To make recommendations to the Board of Directors on the Company’s policy and structure for all Directors’ and senior management members’ remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- (II) To formulate any remuneration plan or scheme in accordance with the main scope, responsibility, importance of the management posts of Directors and senior management members and the remuneration level for other similar management posts. The remuneration plan or scheme mainly includes but is not limited to the main plans and systems with respect to performance evaluation criteria, procedures and main evaluation system, rewards and punishments;
- (III) To review and approve the management's remuneration proposals with reference to the Board of Directors' corporate goals and objectives;
- (IV) To make recommendations to the Board of Directors on the remuneration packages of individual executive Directors and senior management members. Such remuneration packages shall include non-monetary benefits, pension rights and amounts of compensation (including compensation for loss or termination of office or appointment);
- (V) To make recommendations to the Board of Directors on the remuneration of non-executive Directors;
- (VI) To consider the 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 members for their loss or termination of their office or appointments to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (VIII) To review and approve the 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;
- (IX) To ensure that no Director or any of his/her associates (as defined in the Hong Kong Listing Rules) is involved in deciding his/her own remuneration;
- (X) To review the performance of duties by Directors (including non-independent non-executive Directors) and senior management members and perform annual performance evaluations on them;
- (XI) To supervise the implementation of the Company's remuneration and assessment system;
- (XII) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;

- (XIII) To make recommendations to the Board of Directors on the Company's formulation or change of the equity incentive plans and employee stock ownership plans, the grant of incentives to the incentive participants, fulfilment of conditions for exercising the rights by the participants, and the arrangement of the stock ownership plans for the Directors and senior management members in its subsidiaries to be spun off;
- (XIV) Other matters stipulated by laws, administrative regulations, regulatory rules of the place where the Company's shares are listed (including the Hong Kong Listing Rules) and the Articles of Association.

Article 10 The remuneration plan of the Company's Directors proposed by the Remuneration and Appraisal Committee shall, after approved by the Board of Directors, be put forward, considered and approved at the shareholders' general meeting before implementation, or the shareholders' general meeting shall authorize the Board of Directors to determine the remuneration of Directors; The remuneration proposal of senior management members of the Company shall be approved by the Board of Directors.

Article 11 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 opinions of the Remuneration and Appraisal Committee and the reasons for the failure to adopt them in the resolutions of the Board of Directors.

Article 12 The Remuneration and Appraisal Committee shall be provided with sufficient resources to perform its duties. Where necessary, the Remuneration and Appraisal Committee should seek independent professional advice, at the Company's expense, to perform its duties.

CHAPTER IV DECISION-MAKING PROCEDURES

Article 13 The secretary of the Company's Board of Directors, human resources department and other relevant departments must provide all or part of the following written information according to the requirements of the Remuneration and Appraisal Committee:

- (I) progress in achieving major financial indicators and business objectives of the Company;
- (II) scope of delegation and principal duties of the Company's senior management members;
- (III) fulfillment of performance evaluation indicators by the Directors and senior management members;
- (IV) estimates used for the formulation of performance-based remuneration packages of the Company;

- (V) information on the business initiatives and profit-making ability of Directors and senior management members in business operation.

Article 14 The procedures for appraising Directors and senior management members adopted by the Remuneration and Appraisal Committee are as follows:

- (I) The Directors and senior management members of the Company shall report their work and make self-appraisals to the Remuneration and Appraisal Committee;
- (II) The Remuneration and Appraisal Committee shall carry out performance appraisal of the Directors and senior management members according to the performance appraisal standards and procedures;
- (III) A proposal on the amount of remuneration and method of reward for the Directors and senior management members based on the results of work performance appraisals and prepared according to the remuneration distribution policies shall be made and, after a voting in its favour, shall be reported to the Board of Directors.

CHAPTER V RULES OF PROCEDURE

Article 15 Meetings of the Remuneration and Appraisal Committee shall be held at least once a year and a notice of meeting shall be given to all members at least 3 days prior to the meeting. Meetings shall be chaired by the chairman of the Committee. If the chairman of the Committee cannot attend, he/she may appoint another member (independent non-executive Director) to preside over the meeting.

When any of the following circumstances occurs, a member of the Remuneration and Appraisal Committee may propose to convene an extraordinary meeting of the Remuneration and Appraisal Committee. The convener shall convene and preside over the extraordinary meeting within 3 days after receiving the proposal:

- (I) in circumstances as deemed necessary by the Board of Directors;
- (II) in circumstances as deemed necessary by the chairman of the Remuneration and Appraisal Committee;
- (III) when proposed by two or more members.

When the convener cannot or fails to fulfill the duty thereof, another member who is an independent non-executive Director shall convene and preside over the meeting.

Article 16 Meetings of the Remuneration and Appraisal Committee shall be held only with the presence of more than two-thirds of its members. Each member shall be entitled to one vote.

Article 17 Members of the Committee shall express their opinions clearly and independently according to their own judgment, and try their best to form a unified opinion. If it is really difficult to form a unified opinion, different opinions shall be recorded in the minutes of the meeting and explained.

Resolutions of a meeting must be adopted by the affirmative votes of more than half of its members.

Article 18 As for meetings of the Remuneration and Appraisal Committee, votes shall be made by show of hands or by a poll. Extraordinary meetings can be held by means of communication voting.

Article 19 The Company's Directors, senior management members, human resources department, heads of relevant departments and external consultants may be invited to attend meetings of the Remuneration and Appraisal Committee as observers, if necessary. Attendees may provide explanations or clarifications on the matters discussed at the meeting, but have no right to vote if he/she is not a member of the Committee.

Article 20 When a member of the Remuneration and Appraisal Committee or an attendee has a direct or indirect interest in all issues discussed at the meeting, the member or attendee shall abstain from voting.

Article 21 The convening procedures, voting methods and remuneration policies and distribution plans adopted at the meeting of the Remuneration and Appraisal Committee must comply with relevant laws, administrative regulations, departmental rules, normative documents, and regulatory rules of the place where the Company's shares are listed (including the Hong Kong Listing Rules), the Articles of Association and the Terms of Reference.

Article 22 The Remuneration and Appraisal Committee shall keep minutes or memorandum of its meetings, which shall be signed by the members present at the meeting and minute taker. Meeting minutes should record in detail the matters considered and resolutions, including concerns or dissents raised by Directors. Complete minutes of the Remuneration and Appraisal Committee meetings should be kept by Board secretary. The first draft (for members to express opinions) and the final version (for record) of the meeting minutes should be sent to all its members within a reasonable period of time after the meeting. Directors of the Company may inspect minutes of meetings at reasonable times on reasonable notice. The minutes of meetings shall be kept for a retention period of at least 10 years.

Article 23 Any resolution passed or the results of a poll taken at a meeting of the Remuneration and Appraisal Committee shall be reported to the Board of Directors of the Company in writing.

Article 24 All members attending meetings, and those attending as observers, shall be obliged to keep all matters discussed at the meetings confidential and shall not disclose any relevant information without authorization.

CHAPTER VI SUPPLEMENTARY PROVISIONS

Article 25 The requirements of the Company Law, the regulatory rules of the place where the shares of the Company are listed (including the Hong Kong Listing Rules) and the Articles of Association relating to obligations of Directors are applicable to the members of the Remuneration and Appraisal Committee.

Article 26 In the Terms of Reference, “more than” includes the figures listed; “no less than” excludes the figures listed.

Article 27 Matters not covered in the Terms of Reference shall be implemented in accordance with the requirements of relevant national laws, regulations, normative documents, the regulatory rules of the place where the Company’s share are listed (including the Hong Kong Listing Rules) and the Articles of Association. In case of any conflict between the Terms of Reference and any future laws and regulations of the PRC, normative documents, the regulatory rules of the place where the Company’s share are listed (including the Hong Kong Listing Rules) and the Articles of Association as amended by legal procedures, the requirements of relevant national laws and regulations, normative documents, the regulatory rules of the place where the Company’s share are listed (including the Hong Kong Listing Rules) and the Articles of Association shall prevail. The Terms of Reference shall be revised immediately and submitted to the Board of Directors for review and approval.

Article 28 The right to interpret the Terms of Reference shall vest in the Board of Directors of the Company.

Article 29 The Terms of Reference shall come into force and be implemented from the date of the Company’s initial public offering of H shares and listing on the Main Board of The Stock Exchange of Hong Kong Limited upon the approval of the Board of Directors.

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