BEIJING SINOTAU INTERNATIONAL PHARMACEUTICAL TECHNOLOGY CO., LTD.
北京先通國際醫藥科技股份有限公司
TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE

CHAPTER 1 GENERAL PROVISIONS

Article 1 To establish and improve the remuneration appraisal system for directors and senior management of the Company, enhance the Company's core competitiveness, and improve its corporate governance structure, the Remuneration and Appraisal Committee is hereby established under the Board of Directors of Beijing Sinotau International Pharmaceutical Technology Co., Ltd. (the "Company") and these Terms of Reference are formulated in accordance with the Company Law of the People's Republic of China, 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 Beijing Sinotau International Pharmaceutical Technology Co., Ltd. (the "Articles of Association") and other applicable regulations.

Article 2 All members of the Remuneration and Appraisal Committee shall be directors, among whom independent non-executive directors shall constitute a majority, and the chairman (convener) shall be an independent non-executive director.

CHAPTER 2 TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE

Article 3 The Remuneration and Appraisal Committee is a specialized working body under the Board of Directors, primarily responsible for formulating the appraisal standards for directors and senior management of the Company and conducting appraisals; and responsible for formulating and reviewing the remuneration policies and proposals for directors and senior management of the Company, and shall be accountable to the Board of Directors.

Article 4 For the purposes of these Terms of Reference, "directors" refer to the directors of the Company, and "senior management" refer to the general manager, deputy general manager, person in charge of finance, secretary to the Board of Directors and other senior management as prescribed in the Articles of Association, who are appointed by the Board of Directors.

Article 5 Personnel composition:

(I) The Remuneration and Appraisal Committee shall comprise no less than three directors, among whom independent non-executive directors shall constitute a majority.

(II) Members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the Board of Directors, not less than one-half of the independent non-executive directors, or not less than one-third of all the directors, and shall be elected by the Board of Directors.

(III) Upon the passing of a separate resolution by the Board of Directors, the appointment of members of the Remuneration and Appraisal Committee may be revoked or replaced, or additional members may be appointed to join the Remuneration and Appraisal Committee.

(IV) The Remuneration and Appraisal Committee shall have one chairman (convener), who shall be an independent non-executive director member and shall be responsible for presiding over the work of the committee. The chairman shall be elected from among the members of the committee and shall be appointed upon the approval of the Board of Directors.

(V) The term of office of the Remuneration and Appraisal Committee shall coincide with that of the Board of Directors. Members may be re-elected upon the expiry of their term of office. During a member's term of office, if the member ceases to be suitable to serve as a director of the Company, or if a member who is required to have the status of an independent non-executive director ceases to possess the independence prescribed by relevant laws, regulations, rules, regulatory documents or the Articles of Association, such member shall automatically lose his/her committee membership, and the Board of Directors shall fill the vacancy in accordance with these Terms of Reference.

(VI) If a director's term of office expires and a successor is not elected in time, the incumbent director serving as a member of the Remuneration and Appraisal Committee shall still perform his/her duties in accordance with the provisions of laws, administrative regulations, departmental rules, the Articles of Association and these Terms of Reference until the newly elected director takes office.

(VII) The Remuneration and Appraisal Committee shall have a working team under it, which shall serve as its daily administrative body, specifically responsible for providing information relating to the Company's operations and information relating to the persons subject to appraisal, and responsible for preparing for meetings of the Remuneration and Appraisal Committee and implementing the relevant resolutions of the Remuneration and Appraisal Committee.

Article 6 Duties and responsibilities:

(I) The primary duties and responsibilities of the Remuneration and Appraisal Committee include:

1. The responsibilities and authorities of the Remuneration and Appraisal Committee shall include those set out in the relevant code provisions (as amended from time to time) of the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules (the "Corporate Governance Code");

2. Formulating appraisal standards and conducting appraisals based on the principal duties, scope, importance and remuneration levels of comparable positions in other relevant enterprises in respect of the management positions of directors and senior management, and making recommendations; making recommendations to the Board of Directors on the overall performance appraisal and remuneration management system and structure for directors and senior management of the Company, and on the establishment of formal and transparent procedures for formulating remuneration policies;

3. Reviewing and approving management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board of Directors;

4. Remuneration plans or proposals mainly include, but are not limited to, performance evaluation standards, procedures and principal evaluation systems, and the principal reward and penalty plans and systems;

5. Making recommendations to the Board of Directors on the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments (including compensation for loss or termination of office or appointment);

6. Making recommendations to the Board of Directors on the remuneration of non-executive directors;

7. Considering the remuneration paid by comparable companies, the time commitment and responsibilities required, and the employment conditions elsewhere in the Group;

8. Reviewing and approving compensation payable to executive directors and senior management in connection with the loss or termination of their office or appointment to ensure that such compensation is consistent with contractual terms; where such compensation is not consistent with contractual terms, it shall nevertheless be fair and reasonable and not excessive;

9. Reviewing and approving compensation arrangements relating to the dismissal or removal of directors for misconduct to ensure that such arrangements are consistent with contractual terms; where such arrangements are not consistent with contractual terms, the compensation shall nevertheless be reasonable and appropriate;

10. Ensuring that no director or any of his/her associates is involved in determining his/her own remuneration;

11. Reviewing and/or approving matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules (as amended and supplemented from time to time), including but not limited to:

    (1) where options or awards are granted to directors and/or senior management with a vesting period of less than 12 months, providing an opinion on why a shorter vesting period is appropriate and whether such grant is consistent with the purpose of the relevant share incentive scheme;

    (2) where options or awards are granted to directors and/or senior management without performance targets and/or clawback mechanisms, providing an opinion on why no performance targets and/or clawback mechanisms are required and whether such grant is consistent with the purpose of the relevant share incentive scheme;

12. Reviewing the performance of duties by directors and senior management of the Company and conducting annual performance appraisals on them, conducting a Board performance evaluation at least once every two years (with a focus on the performance of the Board as a whole rather than individual directors), and disclosing in the Corporate Governance Report the details of the Board performance evaluation, including:

    (i) Confirming whether an evaluation was conducted during the reporting period or the timing of the next evaluation;

    (ii) The manner of evaluation (such as the internal department responsible or an external service provider);

    (iii) The provider of the evaluation and its relationship with the Company or the directors;

    (iv) The evaluation results (including areas requiring material improvement and corresponding improvements);

13. Being responsible for supervising the implementation of the Company's remuneration system;

14. Dealing with other duties and responsibilities prescribed by laws, administrative regulations, departmental rules, regulatory documents, the listing rules of the stock exchange on which the Company's shares are listed (including the relevant code provisions of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules (as amended from time to time)) and the Articles of Association, and as authorized by the Board of Directors, and reporting to the Board of Directors on matters within the scope of the committee's duties and responsibilities (including decisions or recommendations made by the committee);

15. Dealing with other matters as authorized by the Board of Directors.

(II) The Board of Directors shall have the power to reject any remuneration plan or proposal that is detrimental to the interests of shareholders.

(III) The remuneration plan for directors of the Company proposed by the Remuneration and Appraisal Committee shall be submitted to the Board of Directors for approval and shall be implemented only after being submitted to the shareholders' meeting for consideration and approval; the remuneration distribution plan for senior management of the Company shall be implemented only after being approved by the Board of Directors. The Remuneration and Appraisal Committee shall provide all research and discussion findings, materials and information to the Board of Directors in the form of reports, recommendations or summaries for the Board of Directors' consideration and decision-making. When the Board of Directors or the Remuneration and Appraisal Committee evaluates an individual director or discusses his/her remuneration, such director shall recuse himself/herself.

Article 7 Working procedures:

(I) The working team under the Remuneration and Appraisal Committee shall be responsible for the preliminary preparation for the decision-making of the Remuneration and Appraisal Committee, and shall provide information relating to the relevant aspects of the Company:

1. The completion of the Company's principal financial indicators and operating targets;

2. The scope of work and principal responsibilities of senior management of the Company;

3. the completion of the indicators involved in the position performance appraisal system for directors and senior management;

4. The operating performance of directors and senior management in terms of business innovation capability and profitability;

5. The relevant calculation basis for formulating the Company's remuneration distribution plan and distribution method based on the Company's performance.

(II) Procedures for the appraisal of directors and senior management by the Remuneration and Appraisal Committee:

1. Directors and senior management of the Company shall make personal reports on their work and self-appraisals to the Remuneration and Appraisal Committee of the Board of Directors;

2. The Remuneration and Appraisal Committee shall conduct performance appraisals of directors and senior management in accordance with the performance evaluation standards and relevant procedures;

3. The committee shall propose the remuneration amounts and reward methods for directors and senior management based on the position performance appraisal results and the remuneration distribution policy, and report the same to the Board of Directors after approval by vote.

Article 8 Rules of procedure:

(I) The Remuneration and Appraisal Committee shall convene a meeting upon the request of the Board of Directors or the proposal of the chairman of the Remuneration and Appraisal Committee, and shall issue a notice by communication, email or fax three (3) days prior to the meeting. With the consent of all members, the aforesaid notice period may be waived, provided that the chairman shall give an explanation at the meeting and provide members with a sufficient basis for exercising their voting rights. The meeting shall be chaired by the chairman, and if the chairman is unable to attend, he/she may entrust another member (who shall be an independent non-executive director) to chair the meeting. Meetings of the Remuneration and Appraisal Committee shall be held as on-site meetings or in any other manner recognized by all members. On the premise of ensuring that members can fully express their opinions, telephone, video and other means may be adopted to facilitate members' participation in the meeting; where a member participates in a Remuneration and Appraisal Committee meeting by telephone, video or other means, he/she shall be deemed to have attended an on-site meeting.

(II) Each member shall have one vote; resolutions made at the meeting shall be approved by more than half of all members.

(III) Members of the Remuneration and Appraisal Committee shall attend Remuneration and Appraisal Committee meetings in person. If a member is unable to attend for any reason, he/she may entrust another member in writing to attend on his/her behalf. If a member neither attends a Remuneration and Appraisal Committee meeting nor entrusts a representative to attend, he/she shall be deemed to have waived his/her voting rights at that meeting. The meeting agenda and all relevant meeting documents shall be delivered to all committee members and, where appropriate, other persons attending the meeting in a timely manner in accordance with these Terms of Reference. Members shall fully read the meeting materials prior to the meeting.

(IV) Voting at Remuneration and Appraisal Committee meetings shall be by show of hands or by ballot. Interim meetings may, on the premise of ensuring that members can fully express their opinions, be held by telephone, fax, email or other electronic means of communication, and resolutions may be adopted thereat, which shall be signed by the attending members.

(V) The Remuneration and Appraisal Committee may, when necessary, invite directors and senior management of the Company to attend its meetings as non-voting delegates.

(VI) If necessary, the Remuneration and Appraisal Committee may engage intermediary institutions to provide professional advice on its decisions at the expense of the Company.

(VII) Where a meeting of the Remuneration and Appraisal Committee discusses matters concerning a member of the committee, such member shall abstain from participation.

(VIII) The convening procedures, voting methods and remuneration policies and distribution plans adopted at Remuneration and Appraisal Committee meetings shall comply with the provisions of relevant laws, regulations, the Hong Kong Listing Rules, the Articles of Association and these Terms of Reference.

(IX) The meetings of the Remuneration and Appraisal Committee shall be arranged by the secretary to the Board of Directors of the Company. Minutes of meetings shall be kept with sufficient details of the matters considered and the resolutions passed at the meeting, including any doubts raised or objections expressed by members. The minutes of the meetings shall be signed by members present at the meetings, and the complete minutes of the Remuneration and Appraisal Committee shall be maintained by the duly appointed secretary to the committee (usually the company secretary) for a period of ten (10) years. The draft and final versions of the minutes

shall be sent to all committee members within a reasonable time after the meeting, with the draft for members to express their views and the final version for record purposes. Directors of the Company may inspect the minutes at a reasonable time upon giving reasonable notice.

(X) The resolutions adopted and the voting results at Remuneration and Appraisal Committee meetings shall be reported in writing to the Board of Directors of the Company.

(XI) Members attending the meeting and non-voting delegates shall be obliged to keep confidential the matters considered at the meeting and shall not disclose relevant information without authorization.

(XII) Where a member of the Remuneration and Appraisal Committee, his/her immediate family member, or any other enterprise controlled by a member of the Remuneration and Appraisal Committee and his/her immediate family member, has a direct or indirect interest in the matters to be discussed at a meeting, such member shall, as soon as possible, disclose to the Remuneration and Appraisal Committee the nature and extent of such interest.

(XIII) In the circumstances referred to in the preceding paragraph, the interested member shall abstain from voting at the meeting of the Remuneration and Appraisal Committee on his/her own initiative. However, if the other members of the Remuneration and Appraisal Committee unanimously agree after discussion that such interest will not have a material impact on the matter to be voted on, the interested member may participate in the voting.

(XIV) If the Board of Directors of the Company considers it inappropriate for the interested member referred to in the preceding paragraph to participate in the voting, it may revoke the voting results of the relevant resolution and require the non-interested members to vote again on the relevant resolution.

(XV) The Remuneration and Appraisal Committee shall, without counting the interested member(s) towards the quorum, consider and resolve on the proposal. If, after the interested member(s) abstain(s) from voting, the Remuneration and Appraisal Committee does not have the minimum quorum required for the meeting, a resolution shall be made by all members (including the interested member(s)) on procedural matters such as submitting the proposal to the Board of Directors of the Company for consideration, and the Board of Directors shall consider the proposal.

(XVI) The minutes and resolutions of the Remuneration and Appraisal Committee meetings shall set out the circumstances where the interested member(s) were not counted towards the quorum and did not participate in the voting.

CHAPTER 3 SUPPLEMENTARY PROVISIONS

Article 9 Matters not covered in these Terms of Reference shall be implemented in accordance with relevant national laws and regulations, the Hong Kong Listing Rules and the Articles of Association. In case of any conflict between these Terms of Reference and the relevant provisions of the laws and regulations promulgated by the PRC in the future, the Hong Kong Listing Rules or the Articles of Association as amended under lawful procedures, the relevant provisions of national laws and regulations and the Articles of Association shall prevail, and these Terms of Reference shall be amended accordingly and submitted to the Board of Directors for consideration and approval.

Article 10 These Terms of Reference shall come into effect on the date on which the Company's initial public offering of overseas-listed foreign shares (H shares) is completed and such shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, after being considered and approved by the Board of Directors of the Company.

Article 11 Unless otherwise specified, terms used herein shall have the same meanings as those in the Articles of Association. These Terms of Reference shall be formulated and amended by the Board of Directors of the Company, and the right to interpret them shall vest in the Board of Directors.