

# **Terms of Reference and Rules of Procedure for the Remuneration and Appraisal Committee under the Board of Suzhou Ribo Life Science Co., Ltd.**

## **Chapter 1 General Provisions**

**Article 1** In order to regulate the remuneration and appraisal system for directors and senior management, as well as to improve the corporate governance structure of Suzhou Ribo Life Science Co., Ltd. (hereinafter referred to as the “**Company**”), the Remuneration and Appraisal Committee (hereinafter referred to as the “**Committee**”) under the board of directors (hereinafter referred to as the “**Board**”) of the Company is established with these Terms of Reference and Rules of Procedure for the Remuneration and Appraisal Committee under the Board of Suzhou Ribo Life Science Co., Ltd. (hereinafter referred to as these “**Terms**”) in accordance with the Company Law of the People’s Republic of China and other relevant laws, administrative regulations, and normative documents (collectively referred to as the “**National Laws and Regulations**”), 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 Suzhou Ribo Life Science Co., Ltd. (hereinafter referred to as the “**Articles of Association**”).

**Article 2** The Committee is a special body under the Board of the Company and is mainly responsible for formulating appraisal standards and conducting appraisals for the directors and senior management of the Company, providing opinions or advice, and formulating and reviewing the remuneration policy and packages for the directors and senior management of the Company.

**Article 3** The term of “directors” herein refers to all directors of the Company, and “senior management” refers to the general manager, deputy general manager, the person in charge of finance, the secretary to the Board, as well as other senior management personnel as provided under the Articles of Association.

**Article 4** The Committee shall be accountable to and report to the Board.

**Article 5** These Terms shall apply to the Committee and the persons and departments involved.

## **Chapter 2 Composition of the Committee**

**Article 6** The Committee shall consist of at least three directors, with a majority of them being independent non-executive directors.

Members of the Committee shall be nominated by the chairman of the Board, half or more of the independent non-executive directors or one-third or more of all directors and appointed by the Board upon approval by over half of the directors.

**Article 7** The Committee shall have a chairman, whose office shall be held by an independent non-executive director. The chairman shall be nominated by the chairman of the Board of the Company and appointed upon approval of the Board.

**Article 8** The term of office of the Committee shall be the same as that of the Board, and the term of office of a Committee member shall be the same as his/her term of office as a director. Committee members may be re-elected upon expiration of their terms of office. If any Committee member ceases to be a director of the Company or any member who is an independent non-executive director no longer meets relevant independence requirements as set out in the Hong Kong Listing Rules during his/her term of office, his/her membership in the Committee shall terminate automatically, and the vacancy shall be filled by a person elected by the Board in accordance with these Terms.

**Article 9** A Committee member may tender his/her resignation to the Board during his/her term of office by giving a resignation to explain the reasons for resignation and other matters that need to be brought to the attention of the Board. If the number of members falls below the minimum number as provided herein, the resigning member shall continue to perform his/her duties until a new member is appointed to fill the vacancy.

**Article 10** The Committee members may be changed during their terms of office if such change is proposed by the chairman of the Board and approved by the Board after discussion.

**Article 11** Committee members shall disclose to the Committee the following:

- (1) any personal financial interest in any matter to be resolved by the Committee (other than any interest held in the capacity of a shareholder of the Company);
- (2) any potential conflict of interests arising from their directorships in other companies.

Any such member shall abstain from voting on, and shall not participate in the discussion of, the matters where he/she has such interest to be considered by the Committee, and shall, if requested by the Board, resign from his/her office in the Committee.

**Article 12** Where the composition of the Committee fails to satisfy the requirements specified in these Terms, the Board shall, according to the Hong Kong Listing Rules, promptly state relevant details and reasons by announcement, and fill the vacancy according to these Terms within three months from the date on which the relevant requirements fail to be satisfied. The term of office of the new member shall terminate at the end of his/her term of office as a director.

**Article 13** With the coordination of the office of the Board, the human resources department of the Company shall act as the executive body of the Committee to provide support and services and perform duties assigned by the Committee.

### **Chapter 3 Responsibilities of the Committee and Its Members**

**Article 14** The Committee primarily assumes the following responsibilities:

- (1) to make recommendations to the Board regarding the overall remuneration policy and structure for directors and senior management and on the establishment of formal and transparent procedures for developing the remuneration policy;
- (2) to review and approve the remuneration proposals for management members with reference to the corporate goals and objectives formulated by the Board;

- (3) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management or to determine, with delegated responsibility from the Board, the remuneration packages of individual executive directors and senior management. The remuneration packages shall include benefits in kind, pension rights and compensation payments (including compensation for loss or termination of their office or appointment);
- (4) to consult the chairman and/or the general manager (chief executive officer) regarding the remuneration proposals for other executive directors. The Committee should have access to independent professional advice if necessary;
- (5) to make recommendations to the Board on the remuneration of non-executive directors;
- (6) to consider the remuneration paid by comparable companies, time commitment and responsibilities and other employment conditions in the Company and its subsidiaries;
- (7) to review and approve the compensation payable to executive directors and senior management for their loss or termination of office or appointment, ensuring that such compensation is consistent with contractual terms and is otherwise fair and reasonable;
- (8) to review and approve the compensation arrangements relating to dismissal or removal of directors due to misconduct, ensuring that such arrangements are consistent with contractual terms and are otherwise fair and reasonable;
- (9) to ensure that no director or any of his/her associates (as defined in the Hong Kong Listing Rules) participates in determining his/her own remuneration;
- (10) to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules;
- (11) to perform other duties required by the National Laws and Regulations, the Hong Kong Listing Rules, these Terms and the Board.

**Article 15** The chairman of the Committee primarily assumes the following responsibilities:

- (1) to convene and preside over regular and extraordinary meetings of the Committee;
- (2) to supervise and examine the performance and implementation of the resolutions of the Committee;
- (3) to sign the relevant documents of the Committee;
- (4) to report the work of the Committee to the Board of the Company;
- (5) to attend the Company's annual general meeting and answer shareholders' questions about the Committee's duties. If the chairman of the Committee is unable to attend the annual general meeting, any other member or duly appointed representative shall attend the meeting on his/her behalf;

- (6) to perform other duties as required by the National Laws and Regulations, the Hong Kong Listing Rules, these Terms and the Board.

**Article 16** A Committee member primarily assumes the following responsibilities:

- (1) to attend meetings of the Committee punctually, express opinions on the matters discussed and exercise voting rights at the meetings;
- (2) to submit proposals for discussion at the meetings of the Committee;
- (3) to attend or observe relevant meetings of the Company, conduct studies and research, and obtain reports, documents, materials and other relevant information necessary for the performance of his/her responsibilities;
- (4) to fully understand the responsibilities of the Committee and his/her role as a member of the Committee, and acquaint himself/herself with the operation and management, business activities and development of the Company to ensure his/her capability for the performance of responsibilities;
- (5) to ensure that he/she has devoted sufficient time and attention to fulfil his/her responsibilities;
- (6) to perform other powers and responsibilities as prescribed by the National Laws and Regulations, the Hong Kong Listing Rules, these Terms and the Board.

**Article 17** The working body of the Committee shall be responsible for providing the following information of the Company to facilitate the decision-making process of the Committee:

- (1) major financial indicators of the Company and achievement progress of the operating targets;
- (2) scope of duties and major duties of the senior management of the Company;
- (3) fulfillment of performance evaluation indicators by the directors and senior management;
- (4) estimates used to formulate performance-based remuneration packages based on the Company's financial results.

**Article 18** The Board has the power to veto any compensation plans or proposals that could harm the interests of shareholders. The remuneration plans for directors of the Company proposed by the Committee shall be subject to the approval of the Board and may only be implemented upon the consideration and approval of the general meeting, or the remuneration for directors of the Company shall be determined by the Board with the authorization of the general meeting. The remuneration distribution plan for senior management of the Company shall also be subject to the approval of the Board.

**Article 19** The Committee shall advise on the service contracts that require the approval of the shareholders, inform shareholders about the fairness and reasonableness of the relevant terms and assess whether such contracts are in the interests of the Company and its shareholders as a whole, and advise on how shareholders (excluding those who are directors with material interest in such service contracts and their associates) should vote.

**Article 20** The Committee should be provided with sufficient resources to perform its duties.

**Article 21** The Committee should make available its terms of reference explaining its role and the authority delegated to it by the Board on the websites of The Stock Exchange of Hong Kong Limited and the Company.

#### **Chapter 4 Meetings of the Committee**

**Article 22** Meetings of the Committee shall be classified as regular meetings and extraordinary meetings.

**Article 23** Regular meetings of the Committee shall be held at least once a year, and the written notice of the meeting shall be served on all members three days prior to the meeting.

**Article 24** The Committee may convene extraordinary meetings when necessary. The chairman of the Committee shall issue a written notice to convene a meeting within three days from the date of the actual occurrence of any of the following circumstances:

- (1) where the Board deems it necessary;
- (2) where the chairman of the Committee deems it necessary;
- (3) where it is proposed by two or more members of the Committee.

**Article 25** The executive body of the Committee shall serve the notice of the meeting in writing on each of the Committee members and relevant persons being invited to attend the meeting as observers three days prior to the date of the meeting (except in special circumstances where the requirement of prior notice is exempted, provided that the chairman of the meeting shall explain at the meeting). The notice of the meeting shall contain information on the form, time, venue, duration and agenda of the meeting, time of issuance of the notice, name and contact information of the contact person of the meeting and other relevant information.

**Article 26** Upon receipt of the notice of the meeting, all Committee members shall promptly provide confirmation and relevant replies (including but not limited to the confirmation of attendance and itinerary arrangements) through appropriate means.

**Article 27** All members of the Committee shall attend the meeting in person. If a member is unable to attend the meeting in person for any reason, such member shall, by signing and submitting a proxy form, authorize another member of the Committee to attend and express opinions at the meeting on his/her behalf. Such proxy form shall expressly state the scope and term of the authorization. Each member may appoint only one other member as his/her proxy to exercise the voting right on his/her behalf for each meeting. Where a member authorizes two or more other members to exercise the voting right on his/her behalf, such authorization shall be invalid. In addition, no member shall accept any such authorization from two or more other members concurrently.

The members attending a meeting on behalf of another member shall exercise the rights within the scope of authorization. If a member does not attend a meeting in person or authorize another member of the Committee to exercise the rights on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting, he/she shall be deemed to have waived his/her rights.

A member who is unable to attend a meeting in person may also exercise his/her rights by submitting his/her opinions in writing with respect to any matter on the meeting agenda, provided that such written opinions shall be submitted to the executive body of the Committee in any event no later than the commencement of the meeting.

**Article 28** If a member fails to attend meetings of the Committee in person or authorize another member to attend such meetings on his/her behalf, nor does he/she submit any opinion in writing prior to the meetings on two consecutive occasions, or if such member fails to attend in person at least three-fourths of all meetings of the Committee held within a year, such member shall be deemed incapable of performing the duties of the Committee, and the Board may replace him/her in accordance with these Terms.

**Article 29** The quorum for a Committee meeting shall be two-thirds or more of the Committee members. Meetings of the Committee shall be presided over by the chairman of the Committee, who may appoint another member to act on his/her behalf when he/she is unable to attend the meeting. If the chairman of the Committee neither performs his/her duties nor designates another member to act on his/her behalf, any member may report the same to the Board of the Company, and the Board shall appoint another member who is an independent non-executive director to perform the duties of the chairman of the Committee.

## **Chapter 5 Procedures of Meetings**

**Article 30** Each member of the Committee shall have one vote. A resolution of the meeting shall be passed by over half of the votes of all members. In the event that the meeting fails to reach a valid resolution due to the abstention of any member, the relevant matter shall be considered directly by the Board.

**Article 31** Meetings of the Committee shall be held by way of on-site meeting, video conference or teleconference in principle. Should it be impracticable to hold an on-site meeting, video conference or teleconference in case of emergency, force majeure or other special circumstances, a meeting may be held by means of written communication. Where a meeting is conducted by means of written communication, the Committee members shall submit to the Board their written opinions with respect to the matters to be discussed within the period specified in the notice of the meeting.



**Article 32** Voting at the meetings of the Committee shall be conducted by a show of hands or by poll. Where any member cannot sign the resolutions from a teleconference or video conference in real time, he/she may first express his/her opinions orally and provide his/her written signature to that effect as soon as possible, provided that there is no discrepancy between the opinions expressed orally during the meeting and those later signed in writing.

**Article 33** All matters on the agenda shall be discussed during the meeting of the Committee, and the Committee members shall explicitly, independently and fully express their opinions based on their own judgment. Any disagreement shall be recorded in the meeting minutes to be presented to the Board.

**Article 34** The Committee may invite directors, relevant senior management and relevant experts of the Company, external experts, scholars, intermediary agencies and relevant persons to attend the meeting as observers. Those invited shall give explanations and elaborations on any matters as requested by any Committee member.

**Article 35** Where it deems necessary, the Committee may, upon approval of the Board, seek professional advice from external professionals or organizations. Any reasonable cost so incurred shall be borne by the Company.

**Article 36** In any of the following circumstances, a member of the Committee shall make disclosure to the Committee in advance and abstain from considering and voting on the relevant matters:

- (1) evaluating such Committee member or reviewing his/her remuneration;
- (2) evaluating the associates (as defined in the Hong Kong Listing Rules) of such Committee member or reviewing his/her remuneration;
- (3) other circumstances where such member has interests or may be affected in making objective and fair judgments.

**Article 37** All persons attending the Committee meetings shall keep all matters discussed at the meetings confidential and shall not disclose any such information without authorization.

## **Chapter 6 Minutes and Summary of the Committee Meetings**

**Article 38** Minutes shall be kept for all meetings of the Committee, which shall be prepared by the executive body of the Committee and shall contain the following information:

- (1) serial number, form, date, venue and name of the chairman of the meeting;
- (2) attendance and absence of members in person and by proxy;
- (3) name and title of each attendee;
- (4) agenda of the meeting;
- (5) main points made by the Committee members and other relevant attendees;
- (6) name of the minutes taker;

- (7) abstention of any interested member (if any), which shall be specified in the minutes or the relevant resolutions.

All Committee members present at the meeting shall sign the minutes, which shall be delivered to all members of the Committee within a reasonable period of time after the meeting of the Committee for their comments.

**Article 39** After each meeting of the Committee, the executive body of the Committee shall prepare a meeting summary recording the considerations and discussions of the meeting. Copies of the meeting summary shall be submitted to the Board of the Company and sent to all Committee members, the secretary to the Board, the human resources department of the Company and other relevant departments and persons.

**Article 40** Meeting minutes, meeting summary, proxy forms, written opinions of the members of the Committee and other materials of the meeting of the Committee shall be kept by the office of the Board in accordance with relevant requirements.

## **Chapter 7 Supplementary Provisions**

**Article 41** Unless otherwise stated, terms used herein shall have the same meanings ascribed to them in the Articles of Association.

**Article 42** The terms “**or more**” and “**within**” as referred to in these Terms include the given figure, and the term “**over**” does not include the given figure.

**Article 43** For any matter not covered in these Terms, or in the event of any contradiction with any national laws, administrative regulations, normative documents, relevant regulatory rules of the place(s) where the Company’s shares are listed or the Articles of Association as amended under lawful procedures promulgated after these Terms become effective, such laws, administrative regulations, normative documents, relevant regulatory rules of the listing place(s) where the Company’s shares are listed and the Articles of Association shall prevail and these Terms shall be amended in a timely manner.

**Article 44** These Terms have been considered and approved by the Board and shall become effective and applicable from the date of the initial public offering and listing of the Company’s H shares on The Stock Exchange of Hong Kong Limited.

**Article 45** The rights of interpretation and amendment of these Terms shall be vested in the Board of the Company.

**Article 46** These Terms are available in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.