

# Hangzhou Jiuyuan Gene Engineering Co., Ltd.

## TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD OF DIRECTORS

### Chapter I General

**Article 1** These Terms of Reference are formulated for the remuneration and appraisal committee (the **Committee**) of the board of directors established by Hangzhou Jiuyuan Gene Engineering Co., Ltd. (the **Company**) in accordance with the Company Law of the People's Republic of China, the Articles of Association of Hangzhou Jiuyuan Gene Engineering Co., Ltd. (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, in order to establish and improve the performance appraisal and appraisal system of senior management, formulate a scientific and effective remuneration management system, implement the talent development and utilization strategy on human resources of the Company, and improve the corporate governance of the Company.

**Article 2** The Committee is a special committee under the Board, which is responsible for recommending and making recommendations on the remuneration and appraisal of directors and senior management, and is directly responsible to the board of directors of the Company (the **Board**).

### Chapter II Composition

**Article 3** The Committee shall be composed of three directors, the majority of whom shall be independent non-executive directors.

**Article 4** Members of the Committee shall be nominated by the chairman of the Board, more than one-half of the independent non-executive directors or one-third of all directors and be elected by the Board.

**Article 5** The Committee shall have a chairman (the **chairman**) who shall be an independent non-executive director and shall be responsible for presiding over the work of the Committee. The chairman of the Committee shall be elected among the members and nominated by the Board for approval.

**Article 6** The term of office of the Committee shall be consistent with that of the Board. A member of the Committee may be re-elected if re-elected upon the expiry of his/her term of office. During the period, any member of the Committee who no longer holds office as a director of the Company shall automatically cease to be a member of the Committee and the Committee shall make up the number of members according to the Articles 3 to 5 above. The original members shall continue to perform their duties in accordance with these Terms of Reference until the next elected member takes office.

A member who fails to attend meetings of the Committee in person (including online attendance and attendance by means of communication) for a consecutive time and fails to submit to the Committee a report on his/her activities and the Committee shall be deemed to have failed to perform his/her duties and the Committee shall recommend to the Board formal and replacement.

**Article 7** The Committee is responsible for providing relevant information on the person being appointed and the meeting materials and is responsible for the preparation of the Committee meeting and implementing relevant resolutions of the Committee.

### Chapter III Duties and Powers

**Article 8** The main duties and powers of the Committee include:

- (1) making recommendations to the Board, based on the main scope, duties and importance of the management positions taken by director and senior management, the overall remuneration policies and structure of the Company and on the establishment of a formal and transparent procedure, for formulating the remuneration policies. Remuneration policies mainly include but are not limited to: performance appraisal standards, procedures and main appraisal system, main proposal and system for award and punishment, etc.;
- (2) recommending to the Board the remuneration package of individual executive director and senior management, including non-monetary benefits, pension benefits and compensation amount (including compensation for loss of remuneration of office appointment) and the remuneration of non-executive director, and considering remuneration paid, time devoted and responsibilities in similar companies and the employment conditions of other positions within the Company and its subsidiaries;
- (3) reviewing and approving management's remuneration proposal in accordance with the corporate guidelines and goals set by the Board;
- (4) reviewing the performance of the Company's director and senior management and independent non-executive director and conducting annual performance appraisal and reporting the implementation of the Company's remuneration system;
- (5) reviewing and approving the compensation payable to director and senior management for the loss of remuneration of his/her appointment or resignation and the compensation incurred in his/her contract, and if no contract in his/her contract, the compensation must also be fair and reasonable and not excessive;
- (6) reviewing and approving the compensation arrangement in relation to the dismissal or removal of director, director or director's misconduct or resignation and the compensation incurred in his/her contract, and if there is no contract in his/her contract, the compensation should also be reasonable and appropriate;

- (7) entering has no direct or indirect interest (as defined in the Hong Kong Listing Rules) shall participate in the determination of his/her nomination;
- (8) the issuing and/or approving of shares shall be subject to the provisions of Chapter 17 of the Hong Kong Listing Rules and each of the matters of the Board may be performed or altered and each of the matters may be amended in the relevant law and regulations of the Hong Kong Listing Rules.

**Article 9** The Committee's proposals shall be submitted to the Board for consideration and decision. Proposals required to be considered by the general meeting of shareholders in accordance with the law and regulations and other regulatory documents of the Articles of Association shall be submitted to the general meeting of shareholders for consideration and approval after obtaining the consent of the Board before implementation.

#### **Chapter IV Decision-making Procedures**

**Article 10** The Committee shall conduct the election criteria, election procedures and terms of office of the Company's directors and senior management in accordance with the requirements of the law, regulations and the Articles of Association, combining with the Company's actual conditions, to make decisions and submit them to the Board for consideration.

**Article 11** The Committee is responsible for the preparation of work for the nomination and appraisal of directors and senior management and shall provide relevant information about the Company:

- (1) the information of the status of completion of the Company's main financial indicators and operating indicators;
- (2) the scope of work and the main responsibilities of senior management of the Company;
- (3) the status of completion of indicators included in the performance evaluation system of directors and senior management;
- (4) the operational performance of business innovation and profitability of the directors and senior management;
- (5) relevant calculations based on the Company's nomination and independent plan and independent method.

**Article 12** The procedures for the appraisal of directors and senior management are as follows:

- (1) the directors and senior management of the Company shall report and provide self-evaluation to the Committee;
- (2) the Committee shall conduct performance evaluation of directors and senior management according to the performance evaluation standards and procedures;

(3) The Committee shall propose the remuneration and the method of the director and senior management according to the performance evaluation of his position and the related distribution policies. The proposals shall be submitted to the Board for consideration.

## Chapter V Meeting System

**Article 13** The Committee shall meet at least once a year and shall meet according to the need and proposals of the Committee members; the chairman of the Committee shall notify all the members in advance before the meeting. The meeting shall be presided over by the chairman of the Committee. When the chairman cannot attend a meeting, he/she shall appoint another member (an independent non-executive director) to preside over the meeting on his/her behalf.

**Article 14** The Committee meeting shall be held in the presence of more than half of the members, each of whom shall have one vote. The resolutions made at the meeting shall be passed by a majority of all members. In the event of an equal number of affirmative and negative votes, the chairman of the Committee shall have the right to cast one more vote.

**Article 15** The Committee meeting may be held online or by means of communication. Voting shall be taken by a poll.

**Article 16** The Committee may inquire into the director, senior management and head of the relevant departments to attend the Committee meeting if necessary.

**Article 17** When the Committee deems it necessary, it may engage in the media inquiry to seek professional advice for its decision-making at the Company's expense.

**Article 18** An Committee member who is related to the matter in discussion at the meeting shall disclose from the discussion. If the Committee member cannot reach an effective resolution due to the conflict of interest, the relevant matter shall be decided by the Board.

**Article 19** The procedure for convening the Committee meeting, the voting method and the resolution passed at the meeting shall comply with the relevant laws, regulations, the Articles of Association and the Terms of Reference.

**Article 20** Minutes shall be kept for the Committee meeting in a confidential manner considered by the Nomination Committee and the decision reached, and shall include the following information: date, time, venue, the mode of operation, participants, agenda of the meeting and voting results of each resolution. Members present at the meeting shall sign on the minutes of the Committee meeting. The meeting minutes shall be kept by the company secretary of the Board.

**Article 21** The resolutions and voting results of the Committee meeting shall be submitted in writing to the Board.

**Article 22** The Committee members and persons present at the meeting shall have the obligation to keep confidential the matters disclosed at the meeting, and shall not disclose any information in any way.

## Chapter VI Supplementary Provisions

**Article 23** The Terms of Reference shall take effect from the date of listing and trading of the securities listed for the first time (H Shares) issued by the Company on The Stock Exchange of Hong Kong after being considered and approved by the Board.

**Article 24** Any matters not covered by the provisions of the national laws, regulations, the Hong Kong Listing Rules and the Articles of Association; if the Terms of Reference are in conflict with the national laws and regulations promulgated in the future, or the Hong Kong Listing Rules or the Articles of Association as amended by law subsequently, the laws shall prevail and amendments to the Terms of Reference shall be made immediately and submitted to the Board for consideration and approval.

**Article 25** Amendments to the Terms of Reference shall be proposed by the Board and become effective.

**Article 26** The Board of the Company shall be responsible for the interpretation of the Terms of Reference.