

PegBio Co., Ltd.

TERMS OF REFERENCE OF THE STRATEGY AND DEVELOPMENT COMMITTEE OF THE BOARD OF DIRECTORS

Chapter 1 General Provisions

Article 1 Pursuant to the Company Law of the PRC (the “**Company Law**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and other relevant laws, regulations, regulatory documents as well as the Articles of Association of PegBio Co., Ltd. (the “**Articles of Association**”) applicable after the issuance of H Shares, PegBio Co., Ltd. (the “**Company**”) hereby establishes the Strategy and Development Committee of the Board and formulates the Terms of Reference of the Strategy and Development Committee of the Board of Directors of PegBio Co., Ltd. (the “**Terms of Reference**”) based on the actual conditions of the Company, in an effort to accommodate the needs of strategic development of the Company, strengthen its core competitiveness, optimize its procedures for making investment decisions, enhance the scientificity of its decision-making process, improve the quality of decisions of the Company, and enhance its corporate governance structure.

Article 2 The Strategy and Development Committee is a specialized working body under the Board. It is mainly responsible for conducting researches and making recommendations to the Board regarding the long-term development strategies and major investment decisions of the Company.

Chapter 2 Composition

Article 3 The Strategy and Development Committee shall consist of three or an odd number of over three directors.

Article 4 The chairman of the Board is an inherent member of the Strategy and Development Committee, and the other members of the Strategy and Development Committee shall be nominated by the chairman of the Board, or jointly by more than half of the independent non-executive directors or more than one-third of the directors, and shall be elected by a majority of the directors of the Board. After the proposal for electing members of the Strategy and Development Committee has been approved, the new members of the Strategy and Development Committee shall take office immediately after the conclusion of the meeting of the Board.

Article 5 The Strategy and Development Committee shall have one convener, being the chairman of the Strategy and Development Committee, who shall be the chairman of the Board. The chairman of the Strategy and Development Committee shall be appointed and removed by the Board and shall be in charge of the work of the Strategy and Development Committee.

Article 6 The term of office of the Strategy and Development Committee shall be the same as that of the Board. 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, he/she shall automatically be disqualified as a member of the Strategy and Development Committee. A member may submit his/her resignation report in writing to the Board prior to the expiry of his/her term of office to resign from his/her position in the Strategy and Development 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. Where the composition of the Strategy and Development Committee fails to meet the requirements specified in Article 3 to Article 5 of the Terms of Reference, the Board shall make adjustments or fill the vacancy according to Article 3 to Article 5 of the Terms of Reference. The term of office for the member filling the vacancy shall expire upon the expiration of his/her term of office as a director. A member of the Strategy and Development 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 securities regulatory rules of the place where the Shares of the Company are listed, etc.

Article 7 The Strategy and Development Committee may set up the Strategic Investment Group according to specific circumstances, which is responsible for daily work liaison and organization of meetings. The general manager shall be the head of the Strategic Investment Group, and there shall be one or two deputy heads. The members of the Strategic Investment Group shall be nominated by the general manager and reported to the Strategy and Development Committee for approval, and the members of the Strategic Investment Group shall not be members of the Strategy and Development Committee.

Chapter 3 Duties and Authorities

Article 8 The Strategy and Development Committee shall have the following primary duties and authorities:

- (I) to research and make recommendations with respect to the long-term strategic development plans of the Company;
- (II) to research and make recommendations with respect to material investment and financing plans required to be approved by the Board as provided for in the Articles of Association;
- (III) to research and make recommendations with respect to material capital operations and asset operation projects required to be approved by the Board as provided for in the Articles of Association;
- (IV) to research and make recommendations with respect to other material matters affecting the development of the Company;
- (V) to examine the implementation of such matters above;
- (VI) other matters authorized by the Board.

Article 9 The Strategy and Development Committee shall be accountable to the Board and proposals should be submitted to the Board for consideration and approval. The Strategy and Development Committee shall provide the Board with all research and discussions, materials and information in the forms of reports, proposals and conclusions for its study and decision-making.

It is the responsibility of the operating management to provide the Strategy and Development Committee with sufficient timely information to enable the Strategy and Development Committee to make informed decisions. The data provided by the operating management must be complete and reliable. When the Strategy and Development Committee performs its duties, the relevant departments of the Company shall cooperate with it and the necessary expenses shall be borne by the Company.

Chapter 4 Working Procedures

Article 10 The Strategic Investment Group shall be responsible for the preliminary preparation for the decision-making of the Strategy and Development Committee and the provision of relevant information. Specific procedures are as follows:

- (I) the relevant departments or controlled (invested) subsidiaries of the Company shall submit information regarding the intention, preliminary feasibility research reports and the general information of the counterparties for major investment and financing, capital operation and asset management projects;
- (II) the Strategic Investment Group shall carry out initial review and issue a written opinion on the approval of the project, which shall be submitted to the Strategy and Development Committee for record;
- (III) the relevant departments or controlled (invested) subsidiaries of the Company shall negotiate with external parties in respects of agreements, contracts, articles of association (including the draft) and feasibility research report, and shall report to the Strategic Investment Group;
- (IV) the Strategic Investment Group shall review the above matters and issue written opinions, and submit a formal proposal to the Strategy and Development Committee.

Article 11 The Strategy and Development Committee shall convene a meeting to discuss the proposal submitted by the Strategic Investment Group. The results of discussion shall be submitted to the Board and provided to the Strategic Investment Group at the same time.

Chapter 5 Rules of Procedure

Article 12 The meetings of the Strategy and Development Committee are classified as regular meetings and extraordinary meetings. Regular meetings shall be held at least twice a year, and all members shall be notified five days prior to the meeting (excluding the date of the meeting). An extraordinary meeting may be convened when the chairman of the Strategy and Development Committee deems it necessary, or upon the proposal of other members, and all members shall be notified three days prior to the meeting (excluding the date of the meeting). Upon unanimous consent of all members of the Strategy and Development Committee, the requirement for such prior notice period may be exempted.

Article 13 The meetings of the Strategy and Development Committee shall be convened and presided over by the chairman of the Strategy and Development Committee; if the chairman of the Strategy and Development Committee is unable to attend, he/she may entrust another member to convene and preside over the meeting.

Article 14 The meeting notice of the Strategy and Development Committee may be delivered by facsimile, telephone, email, mobile phone text message, personal delivery, written notice and other means, provided that, the meeting materials shall be delivered at the same time. Such notice shall set out the following contents:

- (I) date, venue and form of the meeting;
- (II) reasons and proposals of the meeting;
- (III) associate(s) of the meeting and means of contact;
- (IV) date on which the notice is sent.

Meeting materials should be delivered to all members and relevant participants along with the meeting notice.

Article 15 The quorum of meetings of the Strategy and Development Committee shall be at least two-thirds of the members. 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 and 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. If a member fails to attend a meeting of the Strategy and Development Committee and fails to appoint another member to attend on his/her behalf, he/she shall be deemed to have waived his/her right to vote at that meeting.

Article 16 The resolutions made by the Strategy and Development Committee shall be approved by a majority of all members, and relevant resolutions and minutes of meetings shall be signed by the participating members. 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 Strategy and Development Committee shall have a casting vote.

Article 17 Meetings of the Strategy and Development Committee may be held by on-site meetings, tele-conferences, video conferences, circulation of documents, facsimile, email or other appropriate means.

Article 18 Relevant members of the Strategic Investment Group may attend the meetings of the Strategy and Development Committee, and the directors, supervisors, senior management and external advisors may be invited to attend such meetings, when necessary. Persons attending the meetings may explain or illustrate the matters discussed at the meetings, but non-members of the Strategy and Development Committee shall have no voting rights.

Article 19 The Company shall provide sufficient resources to the Strategy and Development Committee to perform its duties. The senior management and relevant departments shall adopt a cooperative and supportive attitude towards the Strategy and Development Committee, provide relevant information and actively cooperate with the Strategy and Development Committee. If necessary, the Strategy and Development Committee may engage independent intermediary institutions to provide professional opinions for its decision-making. The employment term and fees of the relevant intermediary institutions shall be decided by the Strategy and Development Committee. The reasonable expenses incurred shall be borne by the Company.

Article 20 Where an issue relating to a member is to be discussed at the meetings of the Strategy and Development Committee, such related member shall abstain from the meeting. The meeting concerned shall be held by a majority of the unrelated members attending the meeting and resolutions made shall be approved by a majority of the unrelated members at the meeting. Where the number of unrelated members attending the meeting falls below one-half of the total number of unrelated members, such issue shall be submitted to the Board for consideration.

Article 21 The convening procedures, voting method and resolutions passed at the meetings of the Strategy and Development Committee shall comply with the provisions of relevant laws, administrative regulations, the regulatory rules of the place where the Shares of the Company are listed, the Articles of Association and the Terms of Reference.

Article 22 The Strategy and Development Committee shall keep written minutes of its meetings, which should record in sufficient detail the matters considered and decisions reached at the meetings, including any concerns raised or dissenting views expressed by the directors. Draft and final versions of the minutes of the meetings shall be circulated to all members within a reasonable time after the end of the meetings. The draft versions are for their comment and the final versions are for their record. The minutes of the meetings shall be signed by the members present at the meetings, and shall be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.

Article 23 Resolutions passed at the meetings of the Strategy and Development Committee and the voting results shall be reported in writing to the Board for consideration.

Article 24 Members present at meetings of the Strategy and Development Committee and persons attending such meetings shall perform a duty of confidentiality regarding matters discussed at such meetings. No unauthorized disclosure of such information shall be allowed, unless otherwise stipulated under relevant laws, administrative regulations, regulatory rules of the place where the Shares of the Company are listed or the relevant regulatory bodies such as the securities regulatory authorities of the place where the Shares of the Company are listed.

Chapter 6 Supplementary Provisions

Article 25 The phrase “more than” as referred to herein is inclusive of the number while “majority” is exclusive of the number.

Article 26 The Terms of Reference shall be deliberated and approved by the Board, and shall come into force and be implemented from the day on which H Shares of the Company in the public offering are listed and traded on the main board of The Stock Exchange of Hong Kong Limited. The Terms of Reference shall be amended and interpreted by the Board.

Article 27 Matters not covered herein shall be implemented in accordance with the relevant provisions of relevant laws, administrative regulations, regulatory documents, regulatory rules of the place where the Shares of the Company are listed and the Articles of Association. Where the Terms of Reference conflicts with any provisions of relevant laws, administrative regulations, regulatory documents, regulatory rules of the place where the Shares of the Company are listed or the Articles of Association, such provisions of relevant laws, administrative regulations, regulatory documents, regulatory rules of the place where the Shares of the Company are listed and the Articles of Association shall prevail. Where the Terms of Reference conflicts with the laws, administrative regulations, regulatory documents or regulatory rules of the place where the Shares of the Company are listed which are promulgated in the future or the Articles of Association as amended through lawful procedures, such provisions of relevant laws, administrative regulations, regulatory document, 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 for consideration and approval.