

Fujian Haixi Pharmaceuticals Co., Ltd.

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

Chapter I General Provisions

Article 1 In order to further improve the remuneration management system for directors and senior management of Fujian Haixi Pharmaceuticals Co., Ltd. (hereinafter referred to as the “**Company**”) and to perfect the assessment and evaluation system, the remuneration and appraisal committee (hereinafter referred to as the “**Remuneration and Appraisal Committee**”) of the board of directors (hereinafter referred to as the “**Board**”) of the Company has been established with these terms of reference in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules**”), the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the Company’s Articles of Association (hereinafter referred to as the “**Articles of Association**”) and other relevant applicable laws, regulations and regulatory documents.

Article 2 The Remuneration and Appraisal Committee is a specialized working body established by the Board in accordance with the Articles of Association. It is primarily responsible for researching and formulating assessment standards and methods for the Company’s directors and senior management, conducting assessments and making recommendations, researching and formulating remuneration plans for directors and senior management, making recommendations to the Board, and supervising the implementation of the plans.

Chapter II Composition

Article 3 The Remuneration and Appraisal Committee shall consist of at least three (inclusive) directors, a majority of whom shall be independent non-executive directors of the Company.

Article 4 The Remuneration and Appraisal Committee shall have a chairman (convener) (hereinafter referred to as the “**Chairman**”) who shall be appointed by the Board of Directors from amongst its members and shall be an independent non-executive director, who shall be responsible for overseeing the work of the Remuneration and Appraisal Committee. The secretary of the Remuneration and Appraisal Committee shall be the company secretary or any other person designated by the Remuneration and Appraisal Committee from time to time.

Article 5 The term of the Remuneration and Appraisal Committee shall align with that of the Board. Members of the Remuneration and Appraisal Committee may be re-elected upon the expiration of their terms. If a member ceases to serve as a director of the Company during this period, he or she shall automatically cease to be a member of the Remuneration and Appraisal Committee, and the Board shall fill the consequential vacancy in accordance with the provisions of Articles 3 and 4 above.

Chapter III Duties and Authorities

Article 6 The main duties and authorities of the Remuneration and Appraisal Committee are as follows:

- (1) to formulate remuneration plans or schemes based on the main scope, responsibilities, and importance of directors and senior management, as well as the remuneration levels of relevant positions in other relevant enterprises; such remuneration plans or schemes mainly include but are not limited to performance evaluation standards, procedures and key evaluation systems, and main reward and punishment schemes and systems;
- (2) to review the performance of duties by the Company's directors and senior management and conduct annual performance appraisals;
- (3) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules (if any);
- (4) to supervise the implementation of the Company's remuneration system; and
- (5) other matters authorized by the Board.

Article 7 The Remuneration and Appraisal Committee shall perform the following duties with respect to the remuneration of directors and management:

- (1) to make recommendations to the Board of Directors on the remuneration policy and structure for all directors and senior management of the Company, as well as on the establishment of a formal and transparent procedure for developing remuneration policy;
- (2) to review and approve management compensation plans with reference to the Board of Directors' corporate goals and principles;
- (3) to make proposals regarding the remuneration packages of individual executive directors and senior management (including benefits in kind, pension rights, and compensation (including any compensation payable for loss or termination of his office or appointment)) to the Board of Directors;
- (4) to make recommendations to the Board of Directors regarding the remuneration of non-executive directors;
- (5) to consider the salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group;
- (6) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the terms of their contracts and is otherwise fair and not excessive;
- (7) to review and approve remuneration arrangements in relation to the dismissal or removal of directors for misconduct to ensure that such arrangements are consistent with the contractual terms and are otherwise reasonable and appropriate;

- (8) to ensure that no director or any of his/her associates is involved in determining his/her own remuneration; and
- (9) to consult the Company's chairman and/or general manager regarding remuneration proposals for other executive directors.

Chapter IV Rules of Procedure

Article 8 The Remuneration and Appraisal Committee shall hold at least one meeting annually. Notice of each meeting shall be sent to all members three days in advance. Meetings shall be convened and presided over by the Chairman. If the Chairman is unable or unavailable to perform his or her duties, he or she may authorize another member (who must be an independent non-executive director) to perform the duties on his or her behalf. In urgent circumstances requiring a meeting to be convened promptly, notice may be given in writing, by telephone mail or other means.

Article 9 The Remuneration and Appraisal Committee meeting may only be held if more than half of the members are present. Each member has one vote, and resolutions made at the meeting must be passed by a majority of all Remuneration and Appraisal Committee members.

Article 10 Remuneration and Appraisal Committee members shall clearly express their views on the matters under discussion. If a member is unable to attend a committee meeting in person, they may authorize another member to vote on their behalf in writing in accordance with their opinions.

The power of attorney must specify the name of the proxy, subject matter, the authority, and the validity period, and must be signed by the principal. When attending a meeting, the proxy shall present the power of attorney and exercise rights within the scope of authorization.

Article 11 A member of the Remuneration and Appraisal Committee who fails to attend two consecutive meetings either in person or by proxy shall be deemed unable to perform his/her duties, and the Remuneration and Appraisal Committee shall propose to the Board of Directors that such member be removed.

Article 12 Voting at the meeting shall be conducted by a show of hands or by poll.

Article 13 When necessary, the Remuneration and Appraisal Committee may invite directors, supervisors and senior management of the Company who are not members of the committee to attend the meeting.

Article 14 The Remuneration and Appraisal Committee shall consult the chairman and/or general manager on its remuneration recommendations for other executive directors. If necessary, the Remuneration and Appraisal Committee may engage an intermediary organization to provide professional advice to support its decision-making, at the Company's expense.

Article 15 When discussing issues concerning members of the Remuneration and Appraisal Committee, the parties involved shall recuse themselves. Such a Remuneration and Appraisal Committee meeting may be held with the attendance of a majority of the non-affiliated members, and resolutions made at the meeting must be approved by a majority of the non-affiliated members. If the number of non-affiliated members present at the meeting is less than one-half of the total number of non-affiliated members of the Remuneration and Appraisal Committee, the matter shall be submitted to the Board for consideration.

Article 16 The Remuneration and Appraisal Committee shall keep meeting minutes. The minutes shall be prepared by the Board Office and shall include the following:

- (1) the manner, date and location of the meeting, and the name of the person presiding;
- (2) details of attendance at meetings, absences, and attendance by proxy;
- (3) names and positions of persons attending the meeting;
- (4) meeting topics;
- (5) the key points raised by members and relevant attendees; and
- (6) name of the person taking the minutes.

Members present at the meeting shall sign the minutes of the Remuneration and Appraisal Committee meeting. The minutes shall be kept by the secretary to the Board of Directors of the Company for a period of not less than ten years.

Article 17 The resolutions and voting results passed at the Remuneration and Appraisal Committee meetings shall be reported to the Board of Directors in writing. The Remuneration and Appraisal Committee shall report its decisions or recommendations to the Board of Directors unless the Remuneration and Appraisal Committee is unable to do so due to legal or regulatory restrictions (e.g. disclosure restrictions due to regulatory requirements).

Article 18 The Remuneration and Appraisal Committee members and attendees are obliged to keep the matters discussed at meetings of the Remuneration and Appraisal Committee confidential and shall not disclose relevant information without authorization.

Chapter V Supplementary Provisions

Article 19 These terms of reference have been reviewed and approved by the Board of Directors of the Company and will take effect and be implemented starting from the date on which the Company's overseas listed foreign shares (H shares) are listed and commence trading on The Stock Exchange of Hong Kong Limited. Upon the effective date of these terms of reference, the previous terms of reference will automatically become invalid.

Article 20 In case of any discrepancy between the Chinese and English versions of these terms of reference, the Chinese version shall prevail.

Article 21 Matters not covered by these terms of reference shall be governed by relevant laws and regulations, the Hong Kong Listing Rules, other regulations of the Hong Kong securities regulatory authorities, and the relevant provisions of the Articles of Association. In the event that any relevant provisions of these terms of reference conflict with relevant laws and regulations, the Hong Kong Listing Rules, other regulations of the Hong Kong securities regulatory authorities, or the Articles of Association, as promulgated or amended from time to time, such provisions shall prevail in accordance with the relevant laws and regulations, the Hong Kong Listing Rules, other regulations of the Hong Kong securities regulatory authorities, the current Articles of Association, or any amended Articles of Association.

Article 22 These terms of reference are subject to revision and interpretation by the Board.