

# LongBio Pharma (Suzhou) Co., Ltd.

## 天辰生物醫藥(蘇州)股份有限公司

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 01779)**

### **Terms of Reference of the Remuneration Committee of the Board**

#### **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 “**Hong Kong Listing Rules**”), the Corporate Governance Code and the Corporate Governance Report as set out in Appendix C1 to the Hong Kong Listing Rules and other relevant applicable laws, administrative regulations, departmental rules, normative documents as well as the Articles of Association of LongBio Pharma (Suzhou) Co., Ltd. (the “**Articles of Association**”) applicable after the overseas public offering and listing of the Company, and according to the resolution of the Board, LongBio Pharma (Suzhou) Co., Ltd. (the “**Company**”) hereby, establishes the Remuneration Committee of the Board of Directors and formulates the Terms of Reference of the Remuneration Committee of the Board of LongBio Pharma (Suzhou) Co., Ltd. (the “**Terms of Reference**”) based on the actual conditions of the Company, in order to establish and further improve the remuneration and appraisal management system of the Company, and enhance its corporate governance structure.

**Article 2** The Remuneration Committee is a specialised working body under the Board of the Company, which is principally responsible for formulating the appraisal standards and conducting appraisal for the directors and senior management of the Company, as well as giving comments and suggestions, and responsible for setting up and reviewing the remuneration policy and plans for the same.

**Article 3** Directors mentioned in the Terms of Reference refer to the directors who receive remuneration from the Company. The senior management mentioned in the Terms of Reference refers to the general manager, deputy general manager, the person-in-charge of finance (chief financial officer), the secretary of the Board, and other senior management as stipulated in the Articles of Association and other personnel appointed by the Board as senior management of the Company. The scope of appraisal of the Terms of Reference does not apply to the directors who did not receive remuneration from the Company.

#### **Chapter 2 Composition**

**Article 4** The Remuneration Committee shall comprise at least three directors, with a majority of independent non-executive directors.

**Article 5** Members of the Remuneration Committee shall be nominated by the chairman of the Board or the Nomination Committee of the Board, and shall be elected by a majority of all directors of the Board. After the proposal for electing members of the Remuneration Committee has been approved, the new members of the Remuneration Committee shall take office immediately after the conclusion of the meeting of the Board.

**Article 6** The members of the Remuneration Committee shall be appointed and removed by the Board. The Remuneration Committee shall report its work to the Board from time to time.

**Article 7** The Remuneration Committee shall have one convener being the chairman of the Remuneration Committee, who shall be an independent non-executive director. The chairman of the Remuneration Committee shall be appointed by the Board and shall be responsible for presiding over the works of the Remuneration Committee. When the chairman of the Remuneration Committee is unable to or fails to perform his/her duties, an independent non-executive director shall be elected by more than half of the members to perform the chairman's duties.

**Article 8** The term of office of the Remuneration 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 of the Company, or any member with the capacity of an independent non-executive director ceases to have the independence as stated in the Articles of Association and the Hong Kong Listing Rules, his/her membership in the Remuneration Committee shall lapse automatically. A member of the Remuneration Committee 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 Remuneration Committee. The resignation report shall contain such reasons for resignation and matters which require the attention of the Board of the Company as necessary. Upon the loss of qualification or permission to resign, the position(s) vacated by such member(s) shall be filled by the Board according to applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and provisions of Articles 4 to 7 above. The term of office for the member filling the vacancy shall expire upon the expiration of his/her term of office as a director or an independent non-executive director. A member of the Remuneration 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 Hong Kong Listing Rules.

### **Chapter 3 Duties and Authorities**

**Article 9** The main duties and authorities of the Remuneration Committee are:

- (I) to formulate remuneration policy, make recommendations to the Board and oversee the implementation in respect of the overall remuneration policy and structure of the directors and senior management of the Company (including but not limited to the performance appraisal criteria, procedures and key appraisal system, and major incentive and penalty plans and systems, etc.) and setting up formal and transparent procedures, based on the major scope, responsibility and importance of the respective positions of the directors and senior management and the remuneration of the same position paid by comparable companies, time commitment and duties and the employment conditions of other positions in the Group;
- (II) to review and approve the management's remuneration proposals with reference to the Board's corporate policies and objectives;
- (III) to examine the performance of duties by the directors and senior management of the Company, conduct annual performance appraisals of them, and formulate annual incentives schemes which shall be submitted to the Board for approval and implementation;
- (IV) to supervise the implementation of the Company's remuneration policies;

- (V) to make recommendations to the Board on the determination of the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation amounts (including compensation payable for loss or termination of office or appointment), and to make recommendations to the Board on the remuneration of non-executive directors;
- (VI) to consult the chairman of the Board or the general manager in respect of the remuneration proposed for other executive directors. The Remuneration Committee shall seek independent professional opinions if necessary;
- (VII) to review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment, so as to ensure that such compensation is consistent with the contractual terms and is otherwise fair, reasonable and not excessive;
- (VIII) to review and approve compensation arrangements relating to the dismissal or removal of directors for misconduct, so as to ensure that such arrangements are consistent with the contractual terms or are otherwise reasonable and appropriate;
- (IX) to ensure that any director or any of his/her associate (as defined in the Hong Kong Listing Rules) does not participate in the determination of his/her own remuneration; and in relation to a non-executive director who is also a member of the Remuneration Committee, his/her remuneration shall be determined by other members of the Remuneration Committee;
- (X) to review the incentive schemes and service contracts of directors;
- (XI) to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules; and
- (XII) other matters authorised by the Board.

**Article 10** The remuneration plans or schemes proposed by the Remuneration Committee shall not prejudice the interests of the shareholders. The Board shall have the right to reject any remuneration plans or schemes that prejudice the interests of the shareholders.

**Article 11** The remuneration plans or schemes for the directors of the Company proposed by the Remuneration Committee shall be approved by the Board and submitted to a shareholders' general meeting for consideration and approval before implementation (if applicable). The remuneration plans or schemes for the senior management of the Company shall be reported to the Board for approval. The Remuneration Committee shall be accountable to the Board and proposals of the Remuneration Committee shall be submitted to the Board for consideration. Relevant departments of the Company shall be obligated to cooperate with the Remuneration Committee and provide relevant materials. Sufficient resources shall be made available to the Remuneration Committee for its fulfillment of duties and responsibilities.

According to the Hong Kong Listing Rules, the above service contracts of directors which are subject to shareholders' approval include:

- (I) service contracts with a term of over three years; or
- (II) contracts which may not be terminated by the Company unless at least one year's notice is given, or compensation or other amounts equivalent to at least one year's emoluments are paid.

The Remuneration Committee shall make comments on the above service contracts of directors which are subject to the shareholders' approval, notify shareholders on whether relevant contract terms are fair and reasonable, whether relevant contracts are in the interests of the Company and its shareholders as a whole, and shall put forward opinions on how shareholders (other than those shareholders who are directors and have a material interest in such service contracts, as well as associates thereof) should vote.

**Article 12** The Remuneration Committee shall make available the Terms of Reference explaining its role and the authority delegated to it by the Board on the website of The Stock Exchange of Hong Kong Limited and the Company's website.

#### **Chapter 4 Working Procedures**

**Article 13** The human resources department of the Company is the day-to-day office of the Remuneration Committee and is responsible for providing the Company with information on human resources and the appraisees, preparing for the meetings of the Remuneration Committee and executing the relevant resolutions of the Board and the Remuneration Committee.

**Article 14** The human resources department of the Company is responsible for making preliminary preparations for decision-making by the Remuneration Committee and providing information on relevant aspects of the Company:

- (I) the Company's key financial indicators and achievement of operating targets;
- (II) the scope of work and performance of main duties of the directors and senior management of the Company;
- (III) extent to which the goals set out under the job performance appraisal system have been achieved by the directors and senior management;
- (IV) operation performance driven by the business initiatives and profit-making ability of directors and senior management;
- (V) relevant calculation basis indicating remuneration plans or proposals proposed in accordance with the performance of the Company;
- (VI) to maintain day-to-day working relationship with agencies designated by the Remuneration Committee;
- (VII) to provide information on the remuneration systems of the Company and the implementation of the same at the request of the Remuneration Committee.

The Remuneration Committee performs the main duties under Article 9 of the Terms of Reference based on the information provided by the human resources department of the Company.

The chairman of the Remuneration Committee or (if absent) another member of the Remuneration Committee, who must be an independent non-executive director, shall attend the Company's annual general meeting and respond to shareholders' questions on the activities and responsibilities of the Remuneration Committee.

## **Chapter 5 Rules of Procedures**

**Article 15** Meeting of the Remuneration Committee shall be convened at least once annually. Extraordinary meeting of the Remuneration Committee may be convened by the chairman of the Remuneration Committee as he/she deems it necessary, by the proposal of at least half of the members of the Remuneration Committee or upon recommendation of the chairman of the Board.

**Article 16** Meetings of the Remuneration Committee shall be convened by the chairman of the Remuneration Committee. Notice of meeting, signed by the chairman of the Remuneration Committee, and materials for meeting shall be delivered to all members of the Remuneration Committee three (excluding the date of the meeting) days prior to the meeting. Upon unanimous consent of all members of the Remuneration Committee, the requirement on such prior notice period may be exempted.

**Article 17** Meetings of the Remuneration Committee shall be presided over by the chairman of the Remuneration Committee, in whose absence another independent non-executive director who is authorised by the chairman of the Remuneration Committee may preside over the meeting in his/her stead.

**Article 18** The quorum for meetings of the Remuneration Committee shall be at least two-thirds of the total members of the Remuneration Committee, one of whom shall be an independent non-executive director. Members who cannot attend a meeting may authorise, in writing, other members to attend and vote on his/her behalf. The form of proxy, containing the name of the proxy, the matters delegated, the scope of authorisation and the validity period of such authorisation, and signed or stamped by the appointer, shall be submitted to the presider of the meeting no later than the time when voting takes place.

The resolutions made at the meetings shall be approved by a majority of all members, and relevant resolutions or opinions shall be signed by the participating members of the Remuneration Committee. 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 Remuneration Committee shall be entitled to have a casting vote.

**Article 19** Meetings of the Remuneration Committee may be held by on-site meetings, tele-conferences, video conferences, circulation of documents, facsimile, email or other appropriate means.

**Article 20** The Remuneration Committee may invite the directors, senior management and external advisors of the Company to attend meetings of the Remuneration Committee when necessary. Persons attending the meetings may explain or illustrate the matters discussed at the meetings, but non-members of the Remuneration Committee shall have no voting rights.

**Article 21** The Company should provide the Remuneration Committee with sufficient resources to perform its duties. The senior management and relevant departments of the Company shall support and cooperate with the Remuneration Committee, and provide such necessary information as required by the Remuneration Committee. If necessary, the Remuneration Committee may engage independent intermediary institutions to provide professional opinions for its decision-making. The reasonable expenses shall be borne by the Company.

**Article 22** A member of the Remuneration Committee shall avoid attending meetings of the Remuneration Committee for which he/she is the subject matter of the resolution.

**Article 23** The convening procedures, voting method and approved remuneration policies and allocation proposals of the meetings of the Remuneration Committee shall comply with the applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules, the Articles of Association and the Terms of Reference.

**Article 24** Minutes of meetings of the Remuneration Committee held on site shall be prepared, on which members present at the meeting shall sign. Minutes of meetings of the Remuneration Committee shall be kept by the secretary to the Board of the Company. And the minutes are open for inspection at any reasonable times on reasonable notice by any member. Draft and final versions of minutes of meeting shall be sent to all members for their comment and records respectively, in both cases within a reasonable time after the Remuneration Committee meeting is held.

**Article 25** Resolutions passed by the Remuneration Committee and the voting results shall be reported in writing to the Board of the Company for its consideration.

**Article 26** Members present at meetings of the Remuneration Committee and persons attending such meetings shall perform a duty of confidentiality regarding matters discussed at such meetings. No unauthorised disclosure of such information shall be allowed, unless otherwise stipulated under applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and/or rules of regulatory bodies.

## **Chapter 6 Supplementary Provisions**

**Article 27** “More than” as referred to in the Terms of Reference shall include the number, and the words “majority” shall not include the number itself.

**Article 28** This Terms of Reference are deliberated and approved by the Board of Directors, and shall come into force and be implemented from the day on which the overseas listed shares in the Company’s initial public offering are listed for trading on The Stock Exchange of Hong Kong Limited. Any amendment or interpretation of the Terms of Reference shall be done by the Board.

**Article 29** Any matters not covered herein shall be implemented in accordance with the provisions of applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and the Articles of Association. Where the Terms of Reference conflict with any provisions of applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and any other regulatory rules of the place(s) where the shares of the Company are listed or the Articles of Association, such applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and any other regulatory rules of the place(s) 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.