

**JOINN Laboratories (China) Co., Ltd.**  
**Terms of Reference of the Remuneration and Evaluation Committee of**  
**the Board of Directors**

**CHAPTER I GENERAL PROVISIONS**

**Article 1** In order to further establish a sound system of remuneration and evaluation management for directors (the “Directors”) (non-independent directors) and senior management of the Company, and perfect the Company’s governance structure. The Company has set up a Remuneration and Evaluation Committee of the board of directors (the “Board”) and formulated these Terms of Reference pursuant to the Company Law of the People’s Republic of China, 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 Stock Exchange of Hong Kong Limited” is hereinafter referred to as the “Hong Kong Stock Exchange”), the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules, the Articles of Association of JOINN Laboratories (China) Co., Ltd. (hereinafter referred to as the “Articles of Association”) and other relevant regulations.

**Article 2** The Remuneration and Evaluation Committee is a special working body set up under the Board. It is mainly responsible for formulating the assessment standards of and evaluating the Company’s Directors and senior management. It is also responsible for formulating and reviewing the remuneration policies and plans of the Company’s Directors and senior management, and shall be accountable to the Board.

**Article 3** Directors mentioned herein refer to the chairman of the Board and directors who receive remuneration from the Company; and senior management refer to the general manager, the deputy general manager, the secretary to the Board and the chief financial officer engaged by the Board.

**CHAPTER II COMPOSITION**

**Article 4** The Remuneration and Evaluation Committee shall consist of three Directors, including two independent directors.

**Article 5** Members of the Remuneration and Evaluation Committee shall be nominated by the chairman of the Board, or more than one-half of the independent directors or more than one-third of all the Directors, and shall be elected by the Board.

**Article 6** The Remuneration and Evaluation Committee shall have one convener, who shall be acted by an independent director member, shall be responsible for presiding over the committee, and shall be determined by the Board.

**Article 7** Members of the Remuneration and Evaluation Committee shall be acted by the Directors of the Company, the term of office of which shall be in congruence with that of the Board, both of which shall be three years, and its members may be re-elected upon the expiry of the current term of office. If any member no longer maintains the position as a Director of the Company during his/her term of office, he/she shall automatically disqualify as a member, and the vacancy shall be filled by the Board in accordance with the provisions of this chapter.

**Article 8** The Remuneration and Evaluation Committee has a working group, the human resource department shall be responsible for the specific work of the working group. The working group is specifically responsible for providing information on the business operation of the Company and the relevant information of the persons to be appraised, as well as preparation of meetings of the Remuneration and Evaluation Committee and implementation of relevant resolutions of the committee.

### **CHAPTER III DUTIES AND AUTHORITIES**

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

- (1) formulating remuneration plans or schemes based on the main scope, responsibilities and importance of the management positions of the Directors and senior management, and the remuneration levels of similar positions in other enterprises; the remuneration plans or schemes mainly include but not limited to performance evaluation criteria and procedures, the main evaluation system, and the principal plan and system regarding incentive and penalty;
- (2) reviewing and approving the management's proposal on remuneration based on the corporate goals and objectives set by the Board;
- (3) making recommendations to the Board on the overall performance evaluation and remuneration policy and structure of the Company's Directors and senior management, and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (4) determining, with delegated responsibility of the Board, the remuneration packages of individual executive directors and senior management or making recommendations to the Board for the remuneration package of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (5) making recommendations to the Board on the remuneration of non-executive directors;
- (6) considering the remuneration package, time commitment, scope of responsibility of similar companies and other employment terms of other positions within the Group;
- (7) reviewing and approving the compensation payable due 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; if such compensation is not consistent with the contractual terms, ensuring that it is fair, reasonable and not excessive;
- (8) reviewing and approving compensation arrangements relating to the dismissal or removal of Directors for misconduct or the like, so as to ensure that such arrangements are consistent with the contractual terms; if such compensation is not consistent with the contractual terms, ensuring that it is reasonable and appropriate;
- (9) ensuring that no Director or any of his/her associates is involved in the determination of his/her remuneration;

- (10) reviewing the performance of duties by the Directors (non-independent directors) and senior management of the Company and conducting the annual performance evaluation on them;
- (11) supervising the implementation of the Company's remuneration and evaluation system;
- (12) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules, including any grants of options or awards to directors or senior management, and to make disclosure and give explanation on the appropriateness to such material matters (if any) being approved in the corporate governance report; and
- (13) other matters as authorized by the Board.

**Article 10** The Board shall be entitled to make recommendations to reject the remuneration plans or schemes that prejudice the interests of shareholders.

**Article 11** The remuneration plan for the Directors of the Company proposed by the Remuneration and Evaluation Committee shall be approved by the Board and submitted to the general meeting for approval before implementation. The remuneration distribution plan for the senior management of the Company shall be reported to the Board for approval.

#### **CHAPTER IV DECISION-MAKING PROCEDURES**

**Article 12** The working group under the Remuneration and Evaluation Committee shall be responsible for the preliminary preparations for decision making of the committee according to the requirements of the Remuneration and Evaluation Committee, and providing relevant information of the Company:

- (1) information on the Company's fulfilment of its main financial indicators and business objectives;
- (2) information on the division of work of the Company's senior management and their main duties;
- (3) information on fulfilment of targets involved in the work performance evaluation system of Directors and senior management;
- (4) information on the business performance of business innovation and profit-making ability of Directors and senior management;
- (5) the basis of measurement and calculation in relation to formulating the Company's remuneration distribution plan and method of distribution with reference to the performance results of the Company.

**Article 13** The procedures for evaluating Directors and senior management adopted by the Remuneration and Evaluation Committee:

- (1) the Directors and senior management of the Company shall report their work and self-assessments to the Remuneration and Evaluation Committee;
- (2) the Remuneration and Evaluation Committee shall carry out performance assessments of the Directors and senior management according to the performance assessment standards and procedures;
- (3) a proposal on the amount of remuneration and method of reward for the Directors and senior management based on the results of work performance assessments and remuneration distribution policy shall be, after a voting in its favor, reported to the Board;
- (4) the Board shall propose plans on the amount and method of remuneration for the Directors, and report to the general meeting for decision. In the event that the Board or the Remuneration and Evaluation Committee are evaluating the performance of a Director or determining his/her remuneration, such Director shall be absent.

## **CHAPTER V PROCEDURAL RULES**

**Article 14** The Remuneration and Evaluation Committee shall convene a meeting at least once every year and notify all its members three days prior to the meeting by the convener. The meeting shall be chaired by the convener. Where the convener is unable to attend, he/she may authorize other member of committee (independent director) to preside over the meeting.

**Article 15** Meetings of the Remuneration and Evaluation Committee may only be convened with the presence of more than two-thirds of its members. Each member shall have one vote. Resolutions of the meeting shall be passed by more than one-half of all the members of the committee voting in favor.

**Article 16** Votes at the meetings of the Remuneration and Evaluation Committee shall be made by a show of hands or by poll. Meetings may be convened by communication in special circumstances.

**Article 17** The Directors, supervisors and other management personnel of the Company may be invited to attend meetings of the Remuneration and Evaluation Committee, where necessary.

**Article 18** Where necessary, the Remuneration and Evaluation Committee may engage intermediate agencies to provide professional advice for its decision-making at the expense of the Company. The expense incurred by the Remuneration and Evaluation Committee in performing its duties shall be borne by the Company.

**Article 19** Where an issue involving a member of the Remuneration and Evaluation Committee is being deliberated at a meeting of the committee, such member shall be absent.

**Article 20** The convening procedure of, and voting method and remuneration policies and distribution plans passed at, meetings of the Remuneration and Evaluation Committee shall comply with the requirements of the relevant laws, regulations, listing rules of the stock exchange where the shares of our Company are listed, the Articles of Association and these Terms of Reference.

**Article 21** The Remuneration and Evaluation Committee shall keep minutes for its meetings. The minutes should record in sufficient detail the matters considered by the committee and the resolutions passed, including any concerns raised or dissenting views expressed by members of the committee. Members of the committee present at such meetings shall sign the minutes. The minutes shall be kept by the secretary to the Board of the Company. Where a member has any comments or dissidence to the minutes, he/she may refuse to sign it, but shall deliver the aforesaid opinion in writing to the secretary to the Board within the specified time stated above. If the minutes are proved to contain errors or omissions, the secretary to the Board shall revise the minutes, and members of the committee shall sign the revised minutes.

**Article 22** The resolutions passed and the poll results at the meeting of the Remuneration and Evaluation Committee shall be reported in writing to the Board of the Company.

**Article 23** Members present at the meeting shall be obliged to keep all matters discussed at such meeting confidential.

## **CHAPTER VI SUPPLEMENTARY PROVISIONS**

**Article 24** Any matter not covered herein shall be subject to relevant laws and regulations of the PRC, relevant requirements of the China Securities Regulatory Commission, the Hong Kong Listing Rules and the Articles of Association. In the event that these Terms of Reference is inconsistent with the relevant laws and regulations, relevant requirements of the China Securities Regulatory Commission, the Hong Kong Listing Rules and the Articles of Association, the laws and regulations, relevant requirements of the China Securities Regulatory Commission, the Hong Kong Listing Rules and the Articles of Association shall prevail.

**Article 25** These Terms of Reference shall be interpreted by the Board of the Company.

**Article 26** This Terms of Reference shall come into effect after approval by the Board of Directors.

**JOINN Laboratories (China) Co., Ltd.  
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