

# CanSino Biologics Inc.

## 康希諾生物股份公司

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

### TERMS OF REFERENCE FOR THE REMUNERATION AND ASSESSMENT COMMITTEE OF THE BOARD

#### CHAPTER 1 General Provisions

**Article 1** To further establish and enhance the system for managing remuneration and assessment and to improve the corporate governance of CanSino Biologics Inc. (the “**Company**”), in accordance with the relevant laws, regulations and normative documents including the Company Law of the People’s Republic of China (the “**Company law**”), the Rules Governing the Listing of Securities on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (the “**Sci-Tech Innovation Board Listing Rules**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the current applicable Articles of Association of CanSino Biologics Inc. (the “**Articles of Association**”), the Company has established the Remuneration and Assessment Committee (the “**Committee**”) of the board of directors of the Company (the “**Board**”) and formulated these Terms of Reference for the Remuneration and Appraisal Committee of the Board of CanSino Biologics Inc. (the “**Terms of Reference**”) according to the practical situations of the Company.

**Article 2** The Committee is a specific working group established by the Board of the Company, being mainly responsible for examining the appraisal and remuneration of directors and senior management and giving its advice and recommendations thereon.

**Article 3** Directors mentioned in these Terms of Reference refer to the Chairman and Deputy Chairman of the Board and directors who receive remuneration from the Company; and senior management refers to the general manager and the deputy general manager and the secretary to the Board, financial controller and other relevant staff expressly appointed by the Board to be the senior management personnel of the Company.

#### CHAPTER 2 Composition of Committee

**Article 4** The Committee shall comprise at least three directors and the total number of members of the Committee shall be an odd number. The majority of the members of the Committee shall be independent non-executive directors.

**Article 5** Members of the Committee shall be nominated by the Chairman of the Board or the Nomination Committee of the Board, and shall be elected by more than half of the total directors of the Board. Upon approval of the nomination proposal by the Board, a newly-appointed member shall commence his term of office immediately after the conclusion of the meeting of the Board.

**Article 6** The Committee shall have a convener, or chairman, who shall be an independent non-executive director. The chairman of the Committee shall be appointed by the Board and shall oversee the operation of the Committee. Where the chairman of the Committee is unable to or fails to fulfill the duty, an independent non-executive director shall be elected by at least one half of the members of the Committee to act in his stead.

**Article 7** The term of office of the Committee shall be consistent with that of the Board. Each member of the Committee shall be eligible for re-election upon completion of his term of office. During his term of office, if any Committee member ceases to be a director, or any Committee member as an independent non-executive director ceases to have the independence as required under the Articles of Association, the Sci-Tech Innovation Board Listing Rules and the Hong Kong Listing Rules, his membership in the Committee shall lapse automatically. A member of the Committee may submit his resignation report in writing to the Board prior to the expiry of his term of office to resign from his existing position. The resignation report shall contain such reasons for resignation and matters which need attention of the Board 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 the relevant laws, regulations, normative documents and the provisions of Articles 4 to 6 as set forth in the above. A member of the Committee shall not, before the expiry of his term of office, be relieved of his duties without cause except for the situations specified in the Company Law, Articles of Association, the Sci-Tech Innovation Board Listing Rules or the Hong Kong Listing Rules.

### **CHAPTER 3 Duties and Authorities of Committee**

**Article 8** The specific major duties of the Committee include:

- (1) to make remuneration plans or proposals according to the primary scope, responsibilities, time commitment, employee conditions, importance of the management positions of directors and senior management members and the remuneration standards of relevant positions in other comparable companies, including but not limited to performance appraisal criteria, procedures and key appraisal system, and major incentive and penalty plans and systems;
- (2) to review the performance of duties of directors and senior management of the Company and to conduct annual performance appraisals on them;
- (3) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (4) to supervise the implementation of the Company's remuneration system;
- (5) to recommend to the Board the remuneration packages offered to individual executive directors and senior management of the Company, including benefits in kind, pension rights and compensation payments, and to make recommendations to the Board concerning remuneration offered to non-executive directors;
- (6) to examine and approve compensation payable to executive directors and senior management due to the loss of office or termination of office or appointment to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;
- (7) to examine and approve compensation arrangements relating to dismissal or removal of directors for their misconduct to ensure that they are consistent with relevant contractual terms, and if not consistent, the compensation shall also be reasonable and appropriate;
- (8) to ensure that any director or his associate(s) shall not participate in determining his own remuneration;

- (9) to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules and directors' service contracts; and
- (10) to perform other duties required by the laws, regulations, the Sci-Tech Innovation Board Listing Rules, the Hong Kong Listing Rules and the Articles of Association, and to deal with other duties authorized by the Board.

**Article 9** The Board shall be entitled to veto any remuneration plans or proposals that would harm the interests of shareholders of the Company.

**Article 10** The remuneration plans or proposals of the directors and supervisors of the Company proposed by the Committee shall be submitted to the Board for consent and shall then be presented to the shareholders at general meetings for consideration and approval before implementation. Remuneration plans or proposals of senior management of the Company shall also be submitted to the Board for approval. The Committee shall be accountable to the Board and proposals of the Committee shall be submitted to the Board for consideration. Relevant departments of the Company shall be obligated to cooperate with the Committee and provide relevant materials. Sufficient resources shall be made available to the Committee for its fulfillment of duties and responsibilities.

**Article 11** The chairman of the Committee or, if absent, another member of the Committee who shall be an independent non-executive director is required to attend the annual general meeting of the Company and respond to questions and enquiries from shareholders regarding the activities and responsibilities of the Committee.

#### **CHAPTER 4 Working Procedures**

**Article 12** The Human Resources Department is the day-to-day working group of the Committee. It is responsible for providing information related to human resources and information related to officers to be assessed, preparing for meetings of the Committee and implementing relevant resolutions of the Board and the Committee.

**Article 13** The Human Resources Department is in charge of the preliminary preparation for the decision-making of the Committee. It provides the following written materials of the Company:

- (1) information on fulfillment by the Company of the key financial indicators and operation objectives;
- (2) scope of work and performance of main duties of directors, supervisors and senior management of the Company;
- (3) extent to which the performance targets set out under the job performance appraisal system have been achieved by the directors, supervisors and senior management;
- (4) business performance status of business innovation capabilities and profit generation of directors, supervisors and senior management;
- (5) relevant calculation basis indicating remuneration plans or proposals proposed in accordance with the performance of the Company;

- (6) to maintain day-to-day working relationship with agencies designated by the Committee; and
- (7) to provide information on implementation of the remuneration systems and systems at the request of the Committee.

The Committee performs its major duties under Article 8 based upon information supplied by the Human Resources Department.

## **CHAPTER 5 Rules of Procedures**

**Article 14** Meetings of the Committee may be convened by the chairman of the Committee as he deems it necessary, by the proposal of at least half of the members of the Committee or upon recommendation of the Chairman of the Board.

**Article 15** The Committee shall hold meetings upon convening by the chairman of the Committee. Notice of meeting, signed by the chairman of the Committee, and materials for meeting shall be delivered to all members of the Committee three days prior to convening the meeting. Upon unanimous consent of all members of the Committee, the requirement on such prior notice period may be exempted.

**Article 16** A meeting of the Committee shall be presided over by the chairman of the Committee, in whose absence another independent non-executive director who is a member of the Committee under the authorization of the chairman of the Committee may preside over the meeting in his stead.

**Article 17** The quorum for meetings of the Committee is at least two thirds of the total members of the Committee. Members who cannot attend a meeting may authorize, in writing, other members to attend and vote on his behalf. The form of proxy, containing the name of the proxy, the matters delegated, the scope of authorization and the validity period of such authorization, and signed or stamped by the appointer, shall be submitted to the president of the meeting no later than the time when voting takes place.

Resolutions proposed at a meeting shall be passed by the affirmative votes of more than half of the members of the Committee. The respective resolution or opinion shall be signed by members who attend such meeting of the Committee. Each member of the Committee shall have one vote. Voting decisions include “For”, “Against” and “Abstention”. Where the respective votes for and against a resolution are equal in number, the chairman of the Committee shall be entitled to have a casting vote.

**Article 18** Meetings of the Committee may be in such appropriate forms as physical meetings held on site, telephone conference, video conference, circulation of documents, fax, mail, etc.

**Article 19** Where necessary, directors, supervisors and senior management may be invited to attend a meeting of the Committee as observers.

**Article 20** The senior management and relevant departments of the Company shall be cooperative and supportive to the Committee and shall take the initiatives in providing relevant information. Where necessary, the Committee may engage independent agencies to provide professional advice on its decision-making, at the cost of the Company as reasonably incurred therefrom.

**Article 21** A member of the Committee shall avoid attending meetings of the Committee for which he is the subject matter of the resolution.

**Article 22** The convening procedures, voting method and approved remuneration policies and allocation proposals of the meetings of the Committee shall be in compliance with relevant laws and regulations, the Articles of Association and these Terms of Reference.

**Article 23** Minutes of meetings of the Committee held on site shall be prepared, on which members present at the meeting shall sign. Minutes of meetings of the Committee shall be kept by the secretary to the Board.

**Article 24** Resolutions passed by the Committee and the voting results shall be reported in writing to the Board for its consideration.

**Article 25** Members present at meetings of the Committee, and those present as observers, shall owe a duty of confidentiality as regards matters discussed during such meetings. No disclosure of such information shall be allowed, save as is otherwise stipulated under relevant laws, regulations and/or rules of regulatory bodies.

## **CHAPTER 6 Supplementary Provisions**

**Article 26** “At least” as referred in these Terms of Reference includes the number, and the words “more than” does not include the number itself.

**Article 27** These Terms of Reference shall become effective upon the approval by the Board. Any amendment or interpretation of these Terms of Reference shall be done by the Board.

**Article 28** Any matters not covered herein shall be implemented in accordance with the relevant laws and regulations, relevant regulatory provisions of the place(s) where the shares of the Company are listed, such as the Sci-Tech Innovation Board Listing Rules, the Hong Kong Listing Rules and the Articles of Association. Where these Terms of Reference conflict with any relevant laws and regulations, relevant regulatory provisions of the place(s) where the shares of the Company are listed including the Sci-Tech Innovation Board Listing Rules, the Hong Kong Listing Rules, or the Articles of Association, such relevant laws and regulations, relevant regulatory provisions of the place(s) where the shares of the Company are listed including the Sci-Tech Innovation Board Listing Rules, the Hong Kong Listing Rules, and the Articles of Association shall prevail, in which case these Terms of Reference shall be amended forthwith and submitted to the Board for consideration and approval.

*Note:* If there is any inconsistency between the English and Chinese versions of these terms of reference, the Chinese version shall prevail.