

**GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS COMPANY  
LIMITED**

**RULES OF PROCEDURES FOR THE NOMINATION AND REMUNERATION  
COMMITTEE OF THE BOARD OF DIRECTORS**

(Amendments as approved at the 7th meeting of  
the 9th session of the board of directors of the Company held on 28 December 2023)

**CHAPTER 1 GENERAL PRINCIPLES**

**Article 1** In order to enhance the management structure, standardize the nomination, production and examination procedures of directors, senior management, to establish a management system for the nomination, examination and remuneration of the directors and senior management and to ensure that the board of directors of the Company has a balance of skills, experience and diversity of perspectives appropriate for the requirements of its business, Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (the “Company”) the Nomination and Remuneration Committee (the “Committee”), and formulated these Rules of Procedures for the Committee (the “Rules”), which are in accordance with the Company Law of the People’s Republic of China, the Guidelines for the Governance of Listed Companies (the “Guidelines”), the respective applicable rules of the stock exchanges on which the shares of the Company are listed (hereinafter referred to as “Listing Rules”), the Articles of Association of the Company (the “Articles”) and other relevant regulations.

**Article 2** The Committee is a functional committee established by the board of directors (the “Board”), and is responsible for formulating the criteria and procedures for selecting directors and senior management personnel, selecting and examining candidates for directors and senior management personnel and their qualifications, formulating the criteria for assessing directors and senior management personnel and conducting such assessments, formulating and examining the policies and plans for remunerations of directors and senior management personnel, and making recommendations to the Board of Directors on the following matters:

- (1) the nomination, appointment and removal of directors;
- (2) the engagement or dismissal of senior management;
- (3) the remunerations of directors and senior management;
- (4) formulation or modification of the share option incentive scheme and the employee share ownership plan, the grant of interests to the participants and the fulfilment of the conditions for exercise of interests;
- (5) arrangement of the shareholding plan of the proposed spinoff subsidiary to directors and senior management personnel;

- (6) other matters required by applicable laws, administrative regulations, the Articles of Association and the listing rules of the place where the Company is listed.

## **CHAPTER 2 COMPOSITION**

**Article 3** The Committee shall comprise of five directors, of which independent non-executive directors shall be in the majority and shall act as the convener. The Committee members shall be appointed by the Board.

**Article 4** The chairman of the Committee shall be an independent non-executive director who shall direct the works of the Committee.

**Article 5** The term of office of the Committee members is 3 years and shall commence and end as the term of office as the existing directors. The Committee members are eligible for re-nomination upon the expiration of their term of office.

A committee member will lose the qualification to be the member if he/she is no longer as a director during the term of office and the Board shall appoint members to complement the numbers of members as required by Articles 3 and 4 above.

**Article 6** A working team comprising senior management and the head of the human resources department shall be set up as a daily operational office of the Committee.

The working team is mainly responsible for providing relevant information, preparing meetings and daily liaising work of the Committee, and executing relevant resolutions of the Committee.

## **CHAPTER 3 POWERS AND DUTIES**

**Article 7** The major powers and duties of the Committee include the following:

1. Nomination:

- (1) to review the structure, the number of the members and the diversity of members (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and experience) of the Board at least once a year, and make recommendations to the Board on the changes made for coordinating the corporate strategy;
- (2) to consider and make recommendations on the election standards and procedures for directors, general manager and other senior management based on, among other things, whether a candidate can bring contributions to the Board in terms of experience, knowledge, independence, gender diversity and other contributions and whether a candidate can devote sufficient time to discharge his duties (in particular directors and general manager);

- (3) to identify suitably qualified candidates of directors and senior management, examine them and make recommendations to the Board on their appointments/ employments;
- (4) to make recommendations to the Board on the plan of new appointments and re- appointments of the directors and senior management (in particular the chairman and the general manager);
- (5) to appraise the Board Diversity Policy in appropriate situation and evaluate the progress made towards achieving measurable objectives which is set for implementing that Policy;
- (6) to appraise the senior management and making recommendations to the Board on the appointment and removal of those staff;
- (7) to appraise the independence of the independent non-executive directors in accordance with the Listing Rules and make the relevant disclosures in accordance with the Listing Rules; and
- (8) to consider other matters as prescribed by applicable laws, regulations, the Listing Rules and the Articles and as authorized by the Board.

2. Remuneration:

- (1) to make recommendations to the Board on the issuer's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (2) to review and approve performance-based remuneration by reference to corporate goals and objectives adopted by the Board;
- (3) to guide the Company to construct a reasonable remuneration standard and system, so as to perfect and improve the remuneration system, and realize the effectiveness and fairness of the motivation mechanism;
- (4) to monitor the implementation of the remuneration system of the Company;
- (5) to study and examine the detailed proposals of the long-term implementation of the motivation mechanism, which includes the management methods and implementation rules of the remuneration structure, standard, long-term (equity) motivational fund for the directors and other senior management by complying with the principles of being fair, impartial and reasonable;

- (6) to appraise and make recommendations on the targets being motivated in long-term regularly, and judge whether they are able to achieve the pre-set performance goal or not. The appraisal results shall serve as standards of whether the Company shall implement the long-term motivation mechanism or not;
- (7) to consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group, make recommendations to the Board on the remuneration (including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) of the directors (including executive directors and non-executive directors) and the senior management, and consult the chairman and general manager on the remuneration proposal for the executive directors who are not the chairman or the general manager. The Committee should have access to independent professional advice if necessary;
- (8) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and reasonable; to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (9) to ensure that no director or any of his associates is involved in deciding his own remuneration;
- (10) to review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and
- (11) to consider other matters as prescribed by applicable laws, regulations, the Listing Rules and the Articles and as authorized by the Board.

**Article 8** Relevant plans or proposals introduced by the Committee shall be submitted to the Board. The Board has the authority to refuse any remuneration plans or proposals which would prejudice the interests of the shareholders.

**Article 9** The nomination and remuneration plans or proposals introduced by the Committee that are approved by the Board shall only be implemented after tabling at the shareholders' meetings; the nomination and remuneration proposals of other senior management of the Company shall be approved by the Board in advance.

## CHAPTER 4 NOMINATION POLICY AND DISCLOSURE

- Article 10** Articles 1, subsection 1 of Article 7, the provisions regarding nomination under Article 8, the provisions regarding nomination under Article 9 and Chapter 4 constitute the nomination policy of the Company.
- Article 11** The nomination policy of the Company shall be disclosed in accordance with the Listing Rules.
- Article 12** The Committee shall be responsible for the implementation of the nomination policy of the Company.
- Article 13** The Committee shall review the nomination policy of the Company from time to time to ensure that it remains relevant to the needs of the Company.
- Article 14** The Company shall disclose the following in the corporate governance report of the annual report prepared in accordance with the Listing Rules:
- (i) the policy for the nomination of directors implemented by the Committee during the year, including the nomination procedures and the process and criteria adopted by the Committee during the year; and
  - (ii) the Board's policy or a summary of the policy on board diversity, including any measurable objectives that it has set for implementing the policy, and progress on achieving those objectives.

## CHAPTER 5 WORKING PROCEDURES

- Article 15** The nomination procedures of the directors and the senior management:
- (1) the Committee shall review and formulate the selection standards of directors and senior management in accordance with the Articles, the Rules of Procedures for the Shareholders' Meeting, the Rules of Procedures for the Board, etc., as well as the Guidelines and Listing Rules respectively;
  - (2) the working team shall assist the Committee in broadly searching for the qualified candidates for directors and senior management. The working team shall also organize and preliminarily review the personal information (including educational background, working experience, etc., candidates for the independent non-executive directors also need to provide the information on independence) of the candidates;
  - (3) the Committee shall convene meetings to review and make recommendations on the candidates for directors and senior management;

- (4) the Committee shall submit the opinions and recommendations of the candidates for directors and senior management to the Board.

**Article 16** The examination procedures for the directors and senior management are:

- (1) The working team shall provide the Committee with the following Information:
  - a. the progress report on achieving major financial indicators and the performance of the operating goals of the Company;
  - b. the division of management work scopes and the situation of discharging of the major duties of the senior management;
  - c. the progress of achieving indicators in the appraisal system of the management staff;
  - d. the operating performance of innovative transactions of the directors and other senior management;
  - e. the relevant measuring reference of proposing remuneration salary planning and distribution methods which are according to the performance of the Company.
- (2) the directors and other senior management of the Company shall report their job duties and self-evaluation to the Committee;
- (3) the Committee shall appraise the performance efficiency of the directors and other senior management according to the appraisal standards and procedures;
- (4) the Committee shall introduce the proposal for the remuneration value and quota and the methods of rewarding according to the appraisal results of the job positions and the remuneration distribution policy, which shall be reported to the Board after being passed.

## **CHAPTER 6 MEETING RULES**

**Article 17** The Committee meeting can be divided into regular meeting and extraordinary meeting. The regular meeting shall be convened at least once a year. The Committee meeting shall be convened and chaired by the chairman of the Committee. All the Committee members shall be informed 3 days before the date of the meeting, and the information for the meeting shall be dispatched to all Committee members 3 days before the meeting. If it is necessary to convene an extraordinary meeting as soon as possible, under the unanimous consent of all members, the above time limit of notice for convening an extraordinary meeting may also be waived. If the chairman of the Committee is unable to attend the meeting, he/she shall appoint another Committee member who shall be an independent non-executive director to chair the meeting.

- Article 18** The quorum of the meeting shall require the presence of two-third (contained number) of the Committee members. Each committee member has a voting right. A resolution shall be valid if it is passed by more than half of the Committee members. If the Committee considers a matter relating to a Committee member, that Committee member may be requested to abstain from the meeting. If no valid resolution can be passed as a result of such abstain from meeting, the relevant resolution should be submitted to the Board for its consideration.
- Article 19** The methods of voting are by a show of hands or by poll. Voting at an extraordinary meeting can be conducted through telecommunications.
- Article 20** If necessary, the Committee may invite the directors, the supervisors, the secretary to the Board or other senior management to attend the meeting. Intermediary parties may also be invited to attend the meeting and enquire relevant attendees in relation to the relevant matters. The parties involved may be requested to withdraw if the subject pertains to a committee member.
- Article 21** The Company should provide the Committee with sufficient resources to perform its duties. If necessary, the Committee may engage intermediary parties to provide professional opinions. The relevant expenses shall be borne by the Company.
- Article 22** Minutes of meetings of the Committee should be recorded, draft and final versions of minutes of meetings should be sent to all members for their comments and records respectively, in both cases within a reasonable time after the meeting has been held. The attended committee members shall sign on the minutes, which should be kept by the secretary to the Board for at least 10 years.
- Article 23** The convening procedures, voting methods of the Committee meeting and resolutions passed in the meeting shall comply with relevant laws, rules, the Articles and these Rules. The proposals and resolution passed in the Committee meeting shall be reported to the Board in written form, and the meeting minutes or resolutions shall be circulated to all members of the Board in a reasonable time.
- Article 24** All the attended committee members and parties assume duty of confidentiality to the meeting and shall not allowed to disclose the relevant information without authorization.

## **CHAPTER 7 SUPPLEMENTARY PROVISIONS**

- Article 25** The Rules shall come into effect from the date of approval as determined by the board of directors (“Rules Effective Date”).

**Article 26** Any matters not covered by the Rules shall be implemented in accordance with the provisions of the relevant laws and regulations of the PRC, the Listing Rules and the Articles. Should these Rules conflict with the laws and regulation of the State coming into effect after the Rules Effective Date or the Listing Rules or the Articles amended after the Rules Effective Date through lawful procedures and implemented subsequently, the State laws and regulations, the Listing Rules and the Articles as amended after the Rules Effective Date shall prevail.

**Article 27** The Board has the powers to interpret these Rules.

The Board of  
**Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited**