

# Touyun Biotech Group Limited

(the “Company”)

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## Terms of Reference – Remuneration Committee

### 1. Constitution

The board of directors (“**Directors**”) of Touyun Biotech Group Limited (the “**Board**”) has resolved the establishment of the remuneration committee of the Company (the “**Committee**”) on 19 June 2012 and has adopted the following terms as the terms of reference of the Committee.

### 2. Membership

- 2.1 Members of the Committee shall be appointed by the Board from amongst the Directors and shall comprise not less than three members and a majority of independent non-executive Directors.
- 2.2 The term of each Committee member shall be the same as his/her term as a Director. Subject to the constitutions of the Company and the applicable laws and regulations, any member of the Committee may be re-appointed by the Board and continue to act as a member of the Committee upon the expiry of his/her term of appointment relating thereof.
- 2.3 The appointment of the members or secretary of the Committee may be revoked, or additional members may be appointed to the Committee by resolutions passed by the Board. A member of the Committee who ceases to be a member of the Board shall immediately and automatically cease to be a member of the Committee.
- 2.4 The chairman of the Committee (the “**Committee Chairman**”) shall be appointed by the Board from time to time and shall be an independent non-executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

### 3. Committee Secretary

The company secretary of the Company shall act as the secretary of the Committee (the “**Committee Secretary**”). The Committee may, from time to time, appoint any other person with the appropriate qualification and experience as the Committee Secretary. The Committee Secretary or in his/her absence, his/her representative or any one member of the Committee, shall be the secretary of the meeting.

### 4. Frequency of Meetings

- 4.1 Meetings shall be held as and when appropriate, but at least once a year.

4.2 The Committee Chairman shall convene a meeting upon request by any member of the Committee.

5. **Conduct of Meetings**

5.1 Unless specified by these terms of reference, meetings and proceedings of the Committee shall be governed by the Company's bye-laws regulating the meetings and proceedings of the Directors.

5.2 Unless otherwise waived by all members of the Committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee no later than 3 working days before the date of the meeting in person orally or in writing or by telephone or by email or by facsimile transmission at the telephone or facsimile or address or email address from time to time notified to the Committee Secretary by such Committee member or in such other manner as the Committee members may from time to time determine. Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

5.3 The quorum of the Committee shall be any two members of the Committee. Meetings could be held in person, by telephone or by video conference. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5.4 Resolutions of the Committee at any meetings shall be passed by a majority of votes of the members of the Committee present. Subject to compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the applicable laws and regulations, a resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

5.5 The Committee may invite any member of the management of the Company (the "**Management**"), any Director, external advisers or any other persons to attend all or part of any meetings as the Committee considers appropriate, notwithstanding that the aforementioned persons shall not have a right to vote at such meetings.

5.6 Each member of the Committee shall disclose to the Committee:

5.6.1 any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or

5.6.2 any potential conflict of interest arising from directorships held in other companies.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Committee.

5.7 Written resolutions may be passed by all Committee members in writing.

**6. Annual General Meetings**

The Committee Chairman, or in his/her absence, another member of the Committee, or failing which his/her duly appointed alternate shall attend the annual general meetings of the Company and be available to answer questions thereat on the Committee's activities and its responsibilities.

**7. Authority**

7.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

7.2 The Committee is authorised by the Board to obtain legal and other independent professional advice as it considers necessary to perform its duties.

7.3 The Management is obliged to supply the Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a member of the Committee requires more information than the information provided voluntarily by the Management, the relevant member of the Committee should make additional necessary enquiries. Each member of the Committee shall have separate and independent access to the Management.

7.4 The Committee shall be provided with sufficient resources to perform its duties.

**8. Duties**

8.1 The duties of the Committee shall include, without limitation, the following:

8.1.1 to ensure that remuneration levels should be sufficient to attract and retain Directors to run the Company successfully without paying more than necessary.

8.1.2 to evaluate the performance of all Directors and the Management and make recommendations to the Board on the Company's policy and structure for all Directors' and the Management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

8.1.3 to review and approve the Management's remuneration proposals with reference to the Board's corporate goals and objectives;

8.1.4 to determine, with delegated responsibility, the remuneration packages of individual executive Directors and the Management, which should include benefits in kind, pension rights and compensation payments, and any compensation payable for loss or termination of their office(s) or appointment(s), and to make recommendations to the Board on the remuneration of non-executive Directors;

- 8.1.5 in determining such packages and arrangements, give due regard to any relevant legal requirements, and the provisions, guidelines and recommendations of related regulatory bodies;
- 8.1.6 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and any of its subsidiaries;
- 8.1.7 to review and approve compensation payable to executive Directors and the Management for any loss or termination of office(s) or appointment(s) to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- 8.1.8 to review annually the appropriateness and relevance of the remuneration policy;
- 8.1.9 to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- 8.1.10 to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- 8.1.11 to form a view in respect of any service contracts of Directors that require the approval of the shareholders of the Company ("**Shareholders**") and advise the Shareholders (other than Shareholders who are Directors with material interests in the service contracts and their associates) as to whether the terms are fair and reasonable, whether such contracts are in the interests of the Company and the Shareholders as a whole and advise the Shareholders on how to vote;
- 8.1.12 to consult the chairman of the Board and/or the chief executive of the Company about their remuneration proposals for other executive Directors. The Committee should have access to independent legal and professional advice if necessary;
- 8.1.13 to evaluate and make recommendations on any share option schemes that may be adopted by the Company from time to time;
- 8.1.14 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- 8.1.15 to make recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed.

**9. Reporting Procedures**

- 9.1 The Committee Secretary shall, at the beginning of each meeting, ascertain and record the existence of any conflicts of interest and minute them accordingly. The relevant member of the Committee shall not be counted towards the quorum and he must abstain from voting on any resolution of the Committee in which he or any of his associates has a material interest, unless the exceptions set out in note 1 to Appendix 3 of the Listing Rules apply.
- 9.2 Full minutes of the Committee's meetings, all written resolutions of the Committee and individual attendance of members of the Committee, on a named basis, at meetings held during that financial year should be recorded and kept by the Committee Secretary and shall be available for inspection at any reasonable time on prior reasonable notice by any Director.
- 9.3 Draft and final versions of minutes should be sent to all members of the Committee for their comments and records respectively, within a reasonable time after such meetings.
- 9.4 The Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless prohibited by applicable laws and regulations.

**10. Powers of the Board**

The Board may, subject to compliance with the bye-laws of the Company and the Listing Rules (including the Corporate Governance Code set out in Appendix 14 to the Listing Rules), amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

**11. Terms Available**

The Committee shall make available these terms of reference explaining its role and the authority delegated to it by the Board by including them on The Stock Exchange of Hong Kong Limited's website and the Company's website.