

TYK Medicines, Inc

TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD OF DIRECTORS

Chapter 1 General Provisions

Article 1 In order to further establish and improve the appraisal and remuneration management system for directors (including non-independent non-executive directors) and senior management of the Company, and improve Company's governance structure, the Company has hereby established the remuneration and appraisal committee (the "**Remuneration and Appraisal Committee**" or the "**Committee**") of the board of directors (the "**Board**") and formulated the Terms of Reference in accordance with the relevant regulations of the Company Law of the People's Republic of China (hereinafter referred to as the "**Company Law**"), the Securities Law of the People's Republic of China, the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies, No. 1 Guideline on the Application of Regulatory Rules – Overseas Issuance and Listing, 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 other relevant laws, administrative regulations, departmental rules, regulatory documents and the Articles of Association of TYK Medicines, Inc (hereinafter referred to as the "**Articles of Association**").

Article 2 The Remuneration and Appraisal Committee is a dedicated body established by the Board and is mainly responsible for formulating evaluation standards and conducting evaluation on the directors and senior management of the Company. It shall also formulate and review the remuneration policy and proposals for directors and senior management of the Company, and shall report to and be accountable to the Board.

In the Terms of Reference, a director refers to a remunerated chairperson and director (including independent non-executive director) of the Company, and the senior management refers to the chief executive officer, vice president, financial officer and the secretary to the Board appointed by the Board, as well as other senior management appointed by the Board at the request of the chief executive officer.

Chapter 2 Composition

Article 3 The Remuneration and Appraisal Committee shall consist of at least three directors, with a majority of independent non-executive directors.

Article 4 The members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the Board, more than one half of independent non-executive directors, or one-third of all the directors, and elected by a majority of the Board.

Article 5 The Remuneration and Appraisal Committee shall have a chairman, who shall be an independent non-executive director and is responsible for chairing the Committee. The chairman shall be appointed by the Board from the members of the Committee.

The chairman shall preside over the work of the Committee, convene and chair the Committee meetings. The chairman, in case of failure or inability to perform his/her duties, shall designate a member of the Committee, who serves as an independent non-executive director, to act on his/her behalf. If the chairman neither performs his/her duties nor designates other members to act on his/her behalf, any member shall report relevant information to the Board of the Company, and the chairman of the Company shall designate a member of the Committee, who serves as an independent non-executive director, to act on his/her behalf.

The chairman shall attend the annual shareholders' general meetings of the Company and answer shareholders' questions on the activities and responsibilities of the Remuneration and Appraisal Committee. If the chairman is unable to attend the annual shareholders' general meeting of the Company, he shall arrange for another member of the Remuneration and Appraisal Committee, who serves as an independent non-executive director, to attend the meeting. Such person shall be prepared to answer shareholders' questions about the work of the Remuneration and Appraisal Committee at the annual shareholders' general meetings.

Article 6 The term of office of the Remuneration and Appraisal Committee shall be identical to that of the directors. A member may be re-elected upon the expiration of his/her term of office. If any member ceases to be a director of the Company during his/her term of office, he/she shall ipso facto and immediately cease to hold the position of the member of the Remuneration and Appraisal Committee, and the Committee shall fill the vacancy in accordance with the provisions above.

Article 7 The member of the Remuneration and Appraisal Committee may resign before the expiration of the term of his/her office, and shall submit a written resignation report to the Board, which cannot take effect unless approved by the Board. Additionally, the original members shall perform related duties in accordance with the Terms of Reference before the by-elected members take office.

When the members of the Remuneration and Appraisal Committee are reduced due to their resignation, dismissal or other reasons, the Board of the Company shall elect new members as soon as possible in accordance with the provisions of the Terms of Reference.

In the event that the number of the Committee member shall fall below two-thirds of the required number due to resignation by or removal of members or such other reasons, the Board of the Company shall promptly supplement new candidates. The Committee shall suspend performance of its duties pursuant to the Terms of Reference until the number of the Committee member is restored back to two-thirds of the required number.

Article 8 The Remuneration and Appraisal Committee has an evaluation group which is especially responsible for the provision of information about the personnel being appraised, organizing meetings of the Remuneration and Appraisal Committee and implementing the resolutions passed by the Remuneration and Appraisal Committee.

Chapter 3 Duties and Authorities

Article 9 The main duties and authorities of the Remuneration and Appraisal Committee include:

- (1) formulating the overall remuneration policy and structure for directors and senior management with reference to the primary scope of work, responsibilities, significance of the positions held by directors and senior management, as well as the remuneration level of relevant positions in society. Remuneration plans or proposals mainly include without limitation to the performance evaluation standards, procedures and major evaluation systems, and major plans and systems of incentive and punishment;
- (2) providing advice to the Board regarding the establishment of formal and transparent procedures for the formulation of the remuneration policy;
- (3) reviewing and approving the remuneration proposals of the management pursuant to the corporate goals and objectives established by the Board;
- (4) determining the remuneration package of individual executive directors and senior management (if delegated by the Board), including benefit in kind, pension rights and compensation payment (including compensation for the loss or termination of office or appointment);
- (5) making recommendations to the Board on the remuneration of the non-executive directors;
- (6) reviewing the duty performance of non-independent non-executive directors and senior management of the Company and conducting annual performance appraisal for them;
- (7) supervising the implementation of the Company's remuneration policy;
- (8) considering remuneration paid by comparable companies, time commitments and responsibilities and employment conditions of other positions within the Group;
- (9) reviewing and approving the compensation payable to the executive directors and senior management for their loss or termination of office or appointment to ensure that it is consistent with the contractual terms, or is otherwise fair and reasonable and not excessive;
- (10) reviewing and approving the compensation arrangement relating to the removal or dismissal of a director due to misconduct to ensure that it is consistent with the contractual terms, or is otherwise reasonable and appropriate;
- (11) ensuring that no director or any of his/her associates (as defined in the Hong Kong Listing Rules) is involved in determining his/her remuneration;
- (12) examining the duty performance of the Company's directors and senior management, conducting annual performance appraisal for them and issuing a special report to the Board;

- (13) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules;
- (14) the responsibilities and authorities of the Remuneration and Appraisal Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code as contained in Appendix C1 of the Hong Kong Listing Rules (as amended from time to time);
- (15) other matters stipulated in current laws, regulations, regulatory documents, the Articles of Association and the Terms of Reference, required by the securities regulatory authority in the place where the Company's shares are listed, and authorized by the Board.

Article 10 The Board shall have the right to deny any remuneration plans or proposals that may damage the interests of shareholders.

Article 11 The Remuneration and Appraisal Committee shall consult the chairman and/or the chief executive officer about their remuneration proposals for other executive directors. The remuneration plan recommended by the Remuneration and Appraisal Committee shall only be implemented after it has been reported to the Board for approval and considered and approved by the shareholders at a shareholders' general meeting. The remuneration allocation proposal for the senior management of the Company shall be reported to the Board for approval.

Chapter 4 Decision-making Procedures

Article 12 The working group under the Remuneration and Appraisal Committee is responsible for preliminary preparations by providing the relevant materials of the Company for the Remuneration and Appraisal Committee's decision-making:

- (1) to provide information on the fulfillment of the Company's major financial indicators and operating indicators;
- (2) information on the scope of work and major responsibilities of the senior management of the Company;
- (3) to provide information on the fulfillment of the indicators involved in the performance appraisal system for directors and senior management;
- (4) to provide information on the operational performance of the directors and senior management in respect of their ability to innovate in business and generate profits;
- (5) to provide the relevant basis for the calculation of the Company's remuneration allocation plan and allocation method.

Article 13 The procedures for appraising directors and senior management personnel adopted by the Remuneration and Appraisal Committee are as follows:

- (1) the directors and senior management of the Company shall report his or her work and self-evaluation to the Remuneration and Appraisal Committee of the Board;
- (2) the Remuneration and Appraisal Committee shall evaluate the performance of directors and senior management in accordance with the performance evaluation criteria and procedures;
- (3) the amount of remuneration and forms of incentive of the directors and senior management shall be proposed based on performance appraisal results and remuneration allocation policies, and shall be submitted to the Board of the Company after resolving by voting.

Chapter 5 Rules of Procedures

Article 14 The Remuneration and Appraisal Committee shall convene at least one meeting a year and notify all members three days prior to the meeting (if there is an urgent need to convene a meeting in time, the notification time limit shall not be subject to the above restriction, but the notification shall be made in advance within a reasonable period of time) and the meeting shall be chaired by the chairman, who may delegate another member (an independent non-executive director) to chair the meeting if he/she is unable to attend.

Article 15 Meetings of the Remuneration and Appraisal Committee may be held on site or by fax, videos, videophone, telephone and other communication means as appropriate.

Article 16 Members of the Remuneration and Appraisal Committee may attend the meetings in person or by appointing other members as their proxies to exercise the voting right on their behalf. Each member of the Remuneration and Appraisal Committee shall appoint only one other member as his/her proxy to exercise the voting right on his/her behalf. Where any member appoints two or more members as his/her proxy(ies) to exercise the voting right on his/her behalf, such appointment shall be deemed invalid.

When the Remuneration and Appraisal Committee votes on the related matters, the interested members shall abstain from voting thereon.

Article 17 The Remuneration and Appraisal Committee's meeting should only be convened with the attendance of two-thirds or more of the members. Each member shall be entitled to one vote and the resolutions adopted in the meeting must be approved by more than half of all members.

Article 18 Voting at meetings of the Remuneration and Appraisal Committee shall be conducted by show of hands or by poll, and interim meetings may be convened by means of communications.

Article 19 Directors, supervisors and senior management of the Company may be invited to attend the meetings of the Remuneration and Appraisal Committee when necessary.

Article 20 The Remuneration Committee should be provided with sufficient resources to perform its duties. If necessary, the Remuneration and Appraisal Committee may engage an intermediary institution to provide professional advice for its decision-making at the expense of the Company.

Article 21 When any subject of discussion of the Remuneration and Appraisal Committee is related to a member of the Committee at a meeting, such member shall abstain from voting.

Article 22 The convening procedures, voting methods and remuneration policy and allocation plan passed at the meetings of the Remuneration and Appraisal Committee shall comply with the requirements of these Terms of Reference.

Article 23 Minutes of the meetings of the Remuneration and Appraisal Committee shall be kept. Minutes of the meeting shall record in sufficient detail the matters considered and the decisions reached at the meeting, and shall include any concerns raised or dissenting views expressed by the directors. Draft and final versions of the minutes of the meeting shall be sent to all members within a reasonable period of time after the meeting for their comments and record, and shall be signed by the members present at the meeting; and the minutes of the meeting shall be kept by the secretary to the Board of the Company. Minutes of such meetings shall be open for inspection at any reasonable time by any director upon reasonable notice.

Article 24 The resolutions passed and the poll results in the Remuneration and Appraisal Committee's meeting shall be reported in writing to the Board of the Company.

Article 25 All members present at the meeting shall be under an obligation of confidentiality with respect to the matters discussed at the meeting and shall not disclose the relevant information without authorization.

Chapter 6 Supplementary Provisions

Article 26 Matters not covered by these Terms of Reference shall be handled pursuant to the provisions of relevant laws, administrative regulations and departmental rules of the PRC, the Hong Kong Listing Rules and the Articles of Association. In the event that these Terms of Reference are in conflict with the laws and regulations promulgated by the PRC, the Hong Kong Listing Rules or the Articles of Association, the Board of the Company shall make corresponding amendments to these Terms of Reference in time and submit to the Board for consideration and approval.

Article 27 These Terms of Reference shall be construed and interpreted by the Board of the Company. In the event of any inconsistency between the English and Chinese versions of this document, the Chinese version shall prevail.

Article 28 These Terms of Reference shall come into effect after consideration and approval by the Board and from the date on which the overseas-listed foreign shares (H Shares) of the Company are publicly issued and listed on the main board of The Stock Exchange of Hong Kong Limited.