



InnoScience (Suzhou) Technology Holding Co., Ltd.

英諾賽科(蘇州)科技股份有限公司

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

(the “**Company**”)

(**Stock Code: 2577**)

REMUNERATION COMMITTEE TERMS OF REFERENCE

1. MEMBERSHIP

- 1.1 The remuneration committee of the Company (the “**Remuneration Committee**”) is established by the board of directors of the Company (the “**Board**”) and it should comprise of not less than three members.
- 1.2 The Remuneration Committee should comprise of a majority of independent non-executive directors who meet the independence requirements as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (as amended from time to time). The chairman or chairlady of the Remuneration Committee shall be an independent non-executive director. The members and the chairman or chairlady of the Remuneration Committee shall be appointed and removed by the Board.
- 1.3 No member of the Remuneration Committee shall appoint any alternate to attend the meeting or perform his/her duties.
- 1.4 The terms of appointment to Remuneration Committee members should be determined by the Board at the appointment date.
- 1.5 Meetings and proceedings of the Remuneration Committee shall be governed by the provision of the articles of association of the Company for regulating the proceedings of meetings of the Board.

2. SECRETARY

- 2.1 The joint company secretary of the Company or his/her representative (in his/her absence) shall act as the secretary of the Remuneration Committee.
- 2.2 The Remuneration Committee may from time to time, appoint any other person with appropriate qualification and experience to act as the secretary of the Remuneration Committee.

3. NOTICE OF MEETINGS

- 3.1 Unless otherwise agreed by all members of the Remuneration Committee, the notice of convening a meeting of the Remuneration Committee shall be issued not less than two working days before the meeting.

3.2 The notice of meeting shall state the date, time and venue of the meeting. An agenda or other documents required to be considered by the members of the Remuneration Committee shall also be attached to the notice.

3.3 Due notice should be given for any meeting, unless such notification is waived by all members of the Remuneration Committee. Notwithstanding the notification period, the attendance of the member of the Remuneration Committee at a meeting would be deemed to be treated as the waiver of the required notification requirement.

4. QUORUM AND ATTENDANCE AT MEETINGS

4.1 The quorum necessary for the transaction of business of the Remuneration Committee shall be two members of the Remuneration Committee, one of whom must be an independent non-executive director.

4.2 Upon the invitation from the Remuneration Committee, the chairman or chairlady of the Board, the general manager, the chief executive officer, the chief financial officer, external advisor and other persons can be invited to attend all or part of any meeting.

4.3 Meeting can be attended in person or via electronic means including telephone or videoconferencing. The members of the Remuneration Committee can attend the meeting via telephone or any similar communication device (all persons attending such meeting should be able to hear from such member via such communication device).

5. FREQUENCY OF MEETINGS

5.1 The Remuneration Committee should meet at least once a year. The Board or the chairman or chairlady of the Remuneration Committee may demand additional meetings.

6. VOTE

6.1 Only the members of the Remuneration Committee can vote in the meeting.

6.2 Resolutions of the Remuneration Committee shall be passed by more than half of its members. In the case of an equality of votes, the chairman or chairlady of the Remuneration Committee shall have a second vote or casting vote.

6.3 A resolution passed and signed by all members of the Remuneration Committee is valid, and the validity is the same as any resolution passed in the meeting held.

7. ANNUAL GENERAL MEETINGS

7.1 The chairman or chairlady of the Remuneration Committee or (if absent) the other member of Remuneration Committee (which must be an independent non-executive director) should attend the annual general meeting of the Company to address the shareholders' enquiry on the activities and responsibilities related to the Remuneration Committee.

8. DUTIES AND POWERS

8.1 The duties and powers of the Remuneration Committee shall include such duties and powers as provided in the Listing Rules. Without prejudice to the foregoing, the Remuneration Committee shall have the following duties and powers:

8.1.1 to make recommendations to the Board on the Company's policy and structure for the remuneration of all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

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

8.1.3 to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, including salaries, bonuses, benefits in kind, participation in any share or other incentive plan, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);

8.1.4 to ensure a significant proportion of executive directors' remuneration is linked to corporate and individual performance;

8.1.5 to make recommendations to the Board on the remuneration of non-executive directors;

8.1.6 to ensure that the Company shall not generally grant equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive directors;

8.1.7 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

8.1.8 to review and if appropriate approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

8.1.9 to review and if appropriate 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 review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;

- 8.1.12 to form a view in respect of service contracts that require shareholders' approval and advise shareholders (other than shareholders who are directors with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the Company and its shareholders as a whole and advise shareholders on how to vote. An independent non-executive director who has a material interest in any such contracts shall not attend the committee meeting at which such service contract is considered;
- 8.1.13 to exercise other powers and discretions authorized by the Board from time to time to perform its duties with regard to remuneration of executive directors and senior management according to the Corporate Governance Code in Appendix C1 to the Listing Rules (as amended from time to time);
- 8.1.14 to exercise powers, discretions and perform duties of the Remuneration Committee according to the applicable provisions of the Listing Rules (including the code of practice); and
- 8.1.15 to consider other topics, as defined by the Board from time to time.
- 8.2 Where the Board resolves to approve any remuneration or compensation arrangements with which the Remuneration Committee disagrees, the Board should disclose the reasons for its resolution in its next corporate governance report.

9. REPORTING PROCEDURE

- 9.1 The Remuneration Committee shall report to the Board on its decisions or recommendations after each of its meetings, subject to legal or regulatory restrictions.
- 9.2 The Remuneration Committee should make a statement in the annual report about its activities, its policy for the remuneration of executive directors, its assessment of the performance of executive directors, its approval of the terms of executive directors' service contracts, its review and/or approval of the matters relating to share schemes under Chapter 17 of the Listing Rules and the adopted model of Remuneration Committee as described in code provision E.1.2(c) of Part 2 of the Corporate Governance Code in Appendix C1 to the Listing Rules.
- 9.3 The Remuneration Committee should ensure that the Company discloses details of any remuneration payable to members of senior management, on an individual and named basis, in its annual reports.
- 9.4 Full minutes of the Remuneration Committee meeting should be kept by the joint company secretary or the duly appointed secretary of the Remuneration Committee and be available for review by the directors. Draft and final versions of minutes of the meeting should be sent to all members of the Remuneration Committee for their comment and records, within a reasonable time after the meeting.

10. AUTHORITY

- 10.1 The Remuneration Committee should consult the chairman or chairlady of the Board and/or the chief executive officer about their remuneration proposals for other executive directors.
- 10.2 The Remuneration Committee is authorized to request the senior management to provide any required resources or information related to the remuneration package to perform its duties.
- 10.3 The Remuneration Committee should have access to independent professional advice at the Company's expense, if necessary, to perform its responsibilities.
- 10.4 The Remuneration Committee should be provided with sufficient resources to perform its duties.

Note: “Senior management” refers to the same persons referred to in the Company’s annual report. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the Company’s directors, is appropriate.