

TenNor Therapeutics (Suzhou) Limited
Terms of Reference for the Remuneration and Appraisal
Committee of the Board of Directors (Draft)

Chapter I General Provisions

Article 1 To improve the decision-making processes of the Board of TenNor Therapeutics (Suzhou) Limited (the “Company”), enhance the effective supervision of management by the Board of the Company, improve the corporate governance structure, and fully safeguard the legitimate rights and interests of the Company and its shareholders, the Company has established a Remuneration and Appraisal Committee under the Board (the “Remuneration and Appraisal Committee”) and formulated these Terms of Reference in accordance with the *Company Law of the People’s Republic of China*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “*Hong Kong Listing Rules*”), the *Articles of Association of TenNor Therapeutics (Suzhou) Limited (Draft)* (the “*Articles of Association*”), and other relevant laws and regulations.

Article 2 The Remuneration and Appraisal Committee, as a specialized committee established under the Board, shall be accountable to the Board.

Article 3 The Remuneration and Appraisal Committee is primarily responsible for formulating and reviewing the remuneration policies and plans for the Company’s Directors and senior management personnel; and for developing performance appraisal standards for Directors and senior management personnel, conducting performance evaluations, and making recommendations thereon.

Chapter II Composition of the Remuneration and Appraisal Committee

Article 4 The Remuneration and Appraisal Committee shall consist of not less than three members, all of whom shall be Directors, with independent non-executive Directors forming the majority.

Article 5 The members of the Remuneration and Appraisal Committee shall be nominated by the Chairman of the Board, more than one-half of the independent non-executive Directors, or one-third of all Directors, and shall be elected by the Board.

Article 6 The Remuneration and Appraisal Committee shall have one chairman (convener), who shall be an independent non-executive Director. The chairman shall be nominated by all members of the Remuneration and Appraisal Committee, and appointed upon approval by the Board. The chairman shall exercise the following powers and functions:

- (1) to preside over the work of the Remuneration and Appraisal Committee;
- (2) to convene and chair regular meetings and extraordinary meetings of the Remuneration and Appraisal Committee;
- (3) to supervise and monitor the implementation of resolutions passed at meetings of the Remuneration and Appraisal Committee;
- (4) to sign important documents of the Remuneration and Appraisal Committee;

- (5) to report to the Board on a regular basis or in accordance with the Board's work arrangements; and
- (6) other powers and functions as may be delegated by the Board.

Where the chairman cannot or is unable to perform his/her duties, he/she shall designate another member to perform the duties on his/her behalf; if the chairman neither performs his/her duties nor designates another member to do so, any member may report the relevant information to the Board, which shall designate a member to perform the duties of the chairman.

Article 7 The term of office of members of the Remuneration and Appraisal Committee shall correspond to that of the Directors. Upon expiration of their term, members are eligible for re-election and may serve consecutive terms.

Prior to the expiration of their term, members shall not be removed from office without cause unless circumstances arise that disqualify them from serving pursuant to applicable laws and regulations, the *Articles of Association*, the *Hong Kong Listing Rules*, or these Terms of Reference.

During the term of a member, if such member ceases to serve as a Director of the Company or otherwise becomes ineligible to serve as a member (including where a member required to hold the status of an independent non-executive Director no longer satisfies the independence requirements under the *Hong Kong Listing Rules*), such member shall automatically vacate office, and the Board shall replenish the membership of the Remuneration and Appraisal Committee in accordance with Articles 4 to 6 of these Terms of Reference.

Where the composition of the Remuneration and Appraisal Committee fails to satisfy the requirements of these Terms of Reference, the Board shall immediately publish an announcement in accordance with the *Hong Kong Listing Rules* setting out the details of and reasons for such non-compliance, and shall restore compliance within three months from the date on which the relevant requirement ceases to be met. The term of office of any member so appointed shall expire upon the conclusion of such member's term as a Director of the Company.

Pending restoration of the requisite membership under Article 4 of these Terms of Reference, the Remuneration and Appraisal Committee shall suspend the exercise of its powers and functions as set out herein, which shall be assumed by the Board in the interim.

Any change in the membership of the Remuneration and Appraisal Committee that coincides with a change in the composition of the Board shall be subject to approval by the shareholders at a shareholders' meeting in accordance with the procedures prescribed in the *Articles of Association*, and shall be disclosed by announcement in accordance with the regulatory requirements of the stock exchange on which the Company's shares are listed.

Article 8 A member of the Remuneration and Appraisal Committee may concurrently hold positions in other specialized committees of the Board, provided he/she is capable of fulfilling his/her respective responsibilities.

Article 9 The secretary to the Board shall be responsible for day-to-day liaison and meeting coordination for the Remuneration and Appraisal Committee.

Chapter III Duties and Powers of the Remuneration and Appraisal Committee

Article 10 The principal duties and powers of the Remuneration and Appraisal Committee are as follows:

- (1) to make recommendations to the Board on the overall remuneration policy and structure for Directors and senior management personnel, and on the establishment of a formal and transparent procedure for formulating such remuneration policies;
- (2) to review and approve management's remuneration proposals by reference to the corporate goals and objectives adopted by the Board;
- (3) to make recommendations to the Board on, or to determine pursuant to authority delegated by the Board, the remuneration packages of individual executive Directors and senior management personnel, including benefits in kind, pension entitlements and compensation payments, including any compensation payable in connection with the loss or termination of their office or appointment;
- (4) to consult the chairman and/or the general manager on remuneration proposals for other executive Directors; the Remuneration and Appraisal Committee may, if necessary, seek independent professional advice;
- (5) to make recommendations to the Board on the remuneration of non-executive Directors;
- (6) to consider remuneration paid by comparable companies, the time commitment and responsibilities, and the employment conditions elsewhere within the Company and its subsidiaries;
- (7) to review and approve compensation payable to executive Directors and senior management personnel for any loss or termination of their office or appointment to ensure that it is consistent with the terms of the relevant contracts and is otherwise fair and reasonable and not excessive;
- (8) to review and approve compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with the terms of the relevant contracts and are otherwise fair and reasonable;
- (9) to review the performance of executive Directors and senior management personnel in discharging their duties and to conduct annual performance appraisals;
- (10) to ensure that any Director or any of his/her associates (as defined in the *Hong Kong Listing Rules*) does not participate in the determination of his/her own remuneration; and in relation to a non-executive Director who is also a member of the Remuneration and Appraisal Committee, his/her remuneration shall be determined by the other members of the Committee;
- (11) to review and/or approve matters relating to share schemes as referred to in Chapter 17 of the *Hong Kong Listing Rules*; and

(12) other duties as may be required under applicable PRC laws and regulations, the *Hong Kong Listing Rules*, these Terms of Reference, and as directed by the Board.

Article 11 The Remuneration and Appraisal Committee is accountable to the Board. Unless otherwise authorized by the Board, proposals of the Remuneration and Appraisal Committee shall be submitted to the Board for consideration and determination.

Article 12 The remuneration plans for the Directors of the Company proposed by the Remuneration and Appraisal Committee shall be approved by the Board and submitted to a shareholders' meeting for consideration and approval before implementation. The remuneration distribution plans for the senior management personnel of the Company shall be reported to the Board for approval.

Article 13 The Board shall have the right to veto any remuneration plan or proposal that is detrimental to the interests of shareholders as a whole.

Article 14 The Company shall provide the Remuneration and Appraisal Committee with sufficient funding and other resources as are necessary for the fulfillment of its duties.

Article 15 The Committee shall make available its Terms of Reference, explaining its role and the authority delegated to it by the Board.

Chapter IV Working Procedures of the Remuneration and Appraisal Committee

Article 16 The relevant departments of the Company shall be responsible for undertaking the preparatory work necessary for decision-making by the Remuneration and Appraisal Committee. Other relevant departments and functions of the Company shall, in accordance with the requirements of the Remuneration and Appraisal Committee, provide in a timely, complete and accurate manner all relevant written materials, including:

- (1) the achievement of the Company's key financial indicators and operational targets;
- (2) the scope of work and performance of main duties of the senior management personnel of the Company;
- (3) the achievement of relevant indicators under the performance appraisal system applicable to Directors and senior management personnel;
- (4) the operational performance driven by the business initiatives and profitability of Directors and management personnel; and
- (5) relevant calculation basis indicating remuneration plans or allocation arrangements proposed in accordance with the performance of the Company.

Article 17 The procedures for the assessment and evaluation of Directors and senior management personnel by the Remuneration and Appraisal Committee are as follows:

- (1) Directors and senior management personnel of the Company shall present work reports and self-assessments to the Remuneration and Appraisal Committee;

- (2) the Remuneration and Appraisal Committee shall conduct performance evaluations of Directors and senior management personnel in accordance with the performance evaluation criteria and procedures; and
- (3) based on the results of such performance evaluations and the applicable remuneration distribution policy, the Remuneration and Appraisal Committee shall propose the remuneration amounts and incentive scheme for Directors and senior management personnel, which shall be reported to the Company's Board upon approval by vote.

Chapter V Meetings of the Remuneration and Appraisal Committee

Article 18 Meetings of the Remuneration and Appraisal Committee shall include regular meetings and extraordinary meetings.

Article 19 The Remuneration and Appraisal Committee shall hold at least one regular meeting per year.

Article 20 An extraordinary meeting may be convened upon the proposal of two or more members or the chairman of the Remuneration and Appraisal Committee, or where the Board considers it necessary to do so.

Article 21 No fewer than three business days prior to a meeting (unless advance notice is waived in special circumstances, in which case the presiding officer shall provide an explanation at the meeting), all members shall be notified of the time and venue, format, purpose and agenda, convener and presiding officer of the meeting by telephone, post, email, fax or other means, and all relevant meeting materials shall be delivered to all members.

Article 22 A meeting of the Remuneration and Appraisal Committee shall be presided over by the chairman. In the absence of the chairman, the chairman may delegate a member (who shall be an independent non-executive Director) to preside over the meeting.

Article 23 A meeting of the Remuneration and Appraisal Committee shall be attended by more than two-thirds of the members.

Article 24 Members of the Remuneration and Appraisal Committee shall attend meetings in person or by telephone conference or similar communications equipment. Where a member is genuinely unable to attend in person, he/she may authorize another member in writing to attend on his/her behalf, provided that the written authorization specifies the scope of the authority so delegated.

Article 25 The Remuneration and Appraisal Committee may, as necessary, invite other Directors and senior management personnel of the Company to attend meetings.

Article 26 The Remuneration and Appraisal Committee may, as necessary, engage relevant intermediaries to provide professional advice for its decision-making; when necessary, such intermediaries may also attend meetings. Intermediaries so engaged shall be required to enter into a confidentiality agreement with the Company. The reasonable costs and expenses incurred in engaging such intermediaries shall be borne by the Company.

Article 27 Voting at meetings shall be conducted by show of hands or ballot, with each member holding one vote. Resolutions of the Remuneration and Appraisal Committee shall require approval by more than one-half of all members of the Committee, including those not in attendance.

Article 28 A meeting of the Remuneration and Appraisal Committee may be convened by way of written proposals. Written proposals may be dispatched by fax, email, courier or by hand or other methods to all members. The members shall return the original copies to the Company for filing after casting vote on the proposals. A proposal signed by consenting members satisfying the number of votes prescribed in these Terms of Reference shall become an effective resolution of the Committee.

Article 29 Where an issue involving a member of the Remuneration and Appraisal Committee is deliberated at a meeting of the Committee, such member shall be excused from the meeting.

Article 30 The procedures for convening meetings of the Remuneration and Appraisal Committee, the voting methods adopted, and the remuneration policies and distribution plans passed thereby must be in accordance with provisions of pertinent laws and regulations, the Articles of Association, the regulatory rules of the stock exchange on which the Company's shares are listed, and these Terms of Reference.

Article 31 Resolutions approved at meetings of the Remuneration and Appraisal Committee and the results of voting thereon shall be reported to the Board in writing.

Article 32 Members attending any meetings of the Committee and other persons shall have the obligation to keep confidential all matters discussed at such meetings and shall refrain from unauthorized disclosures of information relating thereto.

Article 33 The Remuneration and Appraisal Committee shall keep complete minutes of its meetings. Members present at the meetings shall sign the meeting minutes which shall be kept by the secretary to the Board and be available for inspection by Directors at any time.

Article 34 Minutes of meetings of the Remuneration and Appraisal Committee shall be recorded by a staff member of the office of the Board as designated by the chairman of the Committee. The first draft of the minutes shall be submitted to all members for review as soon as practicable, and members shall provide any comments in writing. The final version of the minutes shall be finished within a reasonable time following the meeting and sent to all the members for record.

Chapter VI Abstention System

Article 35 Where a member of the Remuneration and Appraisal Committee, or his/her associates (as defined in the *Hong Kong Listing Rules*), or any company controlled by a member of the Remuneration and Appraisal Committee or his/her associates, has direct or indirect interests in the matters to be discussed at meetings of the Remuneration and Appraisal Committee, such member shall disclose the nature and extent of such interests to the Remuneration and Appraisal Committee as soon as possible.

Article 36 In the event of the circumstances described in the preceding article, the interested member shall provide a detailed explanation of the relevant circumstances at the meeting of the Remuneration and Appraisal Committee and shall expressly abstain from voting. However, if other members of the Remuneration and Appraisal Committee unanimously agree, after consideration, that such interests would have no material influence on the matters to be voted on, the interested member may vote. Where the Board of the Company considers it improper for the interested member in the preceding article to vote, it may revoke the voting results of the relevant resolution and request a re-vote on the relevant resolution by non-interested members.

Article 37 A meeting of the Remuneration and Appraisal Committee shall consider and resolve on proposals without counting the interested member toward the quorum. If the minimum quorum of the meeting of the Remuneration and Appraisal Committee is not present after the abstention of the interested member, all members (including the interested member) shall resolve upon the procedural matters regarding whether to submit the relevant proposals to the Board of the Company for consideration, and the Board of the Company shall consider such proposals accordingly.

Article 38 Minutes of meetings of the Remuneration and Appraisal Committee and resolutions passed at the meetings shall clearly state that the interested members are not counted toward the quorum and have not voted on such resolutions.

Chapter VII Supplementary Provisions

Article 39 For the purposes of these Terms of Reference, “Directors” refers to the Chairman of the Board and Directors who receive remuneration from the Company; “senior management personnel” refers to the general manager, deputy general manager, chief financial officer, and secretary to the Board appointed by the Board.

Article 40 These Terms of Reference shall be approved at a meeting of the Board of the Company and shall come into effect on the date on which the Company’s initial public offering of overseas foreign-invested shares (H Shares) is listed and commences trading on the Hong Kong Stock Exchange. Any amendments to these Terms of Reference shall likewise require approval by the Board. In the event of any conflict between these Terms of Reference and any laws, regulations or regulatory rules promulgated or amended after the date hereof, the relevant laws, regulations or regulatory rules shall prevail pending amendment of these Terms of Reference.

Article 41 Any matters not covered herein shall be implemented in accordance with relevant PRC laws, regulations and normative documents, the *Hong Kong Listing Rules*, the regulatory rules of the stock exchange on which the Company’s shares are listed, and the *Articles of Association*.

Article 42 These Terms of Reference shall be interpreted by the Board of the Company.

TenNor Therapeutics (Suzhou) Limited