IMPACT Therapeutics, Inc

Terms of Reference of the Remuneration Committee of the Board of Directors

CHAPTER I GENERAL PROVISIONS

Article 1 In order to further establish and improve the remuneration management system of IMPACT Therapeutics, Inc. (the "**Company**") and perfect its corporate governance structure, the Company has established the Remuneration Committee of the Board of Directors and formulated these terms of reference of the Remuneration Committee of the Board of Directors of IMPACT Therapeutics, Inc. (the "**Terms of Reference**") in accordance with the Company Law of the People's Republic of China (the "**Company Law**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Corporate Governance Code set out in Appendix C1 to the Listing Rules and other relevant laws, regulations and normative documents, as well as the Articles of Association of IMPACT Therapeutics, Inc (the "**Articles of Association**") applicable after the issuance of H Shares, taking into account the actual circumstances of the Company.

Article 2 The Remuneration Committee is a specialized working body established under the Board of Directors of the Company, primarily responsible for reviewing the remuneration plans or proposals for the directors and senior management of the Company. See Chapter 3 herein for details.

Article 3 "Director(s)" herein include(s) all incumbent executive Directors and non-executive Directors (including independent non-executive Directors) of the Company. Senior management refers to the general manager, deputy general managers, chief financial officer, secretary to the Board of Directors of the Company, and other personnel appointed by the Board of Directors as senior management of the Company. Any reference to general manager in the Terms of Reference shall mean manager as defined under the Company Law and the chief executive officer as defined under the Listing Rules.

CHAPTER II COMPOSITION

Article 4 The Remuneration Committee shall consist of three or more directors. The number of members shall be an odd number, and a majority of the members (more than one-half) must be independent non-executive directors.

Article 5 Members of the Remuneration Committee shall be nominated by the chairman of the Board or the nomination committee of the Board, and shall be elected by a simple majority of all directors of the Board.

Article 6 Members of the Remuneration Committee shall be appointed and removed by the Board of Directors. The Remuneration Committee shall report back to the Board of Directors on its work from time to time.

Article 7 The Remuneration Committee shall have one convener, being the chairman of the Committee, who shall be an independent non-executive director appointed by the Board of Directors to preside over the work of the Committee. If the chairman of the Committee is unable or fails to perform his/her duties, more than half of the members shall jointly elect an independent non-executive director to perform his/her duties on his/her behalf.

The members of the Remuneration Committee shall meet the following conditions:

(I) not being subject to any circumstances under which he/she is prohibited from serving as a director of the Company as stipulated in the Company Law and other laws and regulations or the Articles of Association;

(II) being familiar with relevant national laws and administrative regulations, possessing good moral character, have relevant professional knowledge, and being familiar with the operation and management of the Company;

(III) adhering to the principles of integrity, being honest and self-disciplined, being dedicated to his/her duties, and working proactively to safeguard the interests of the Company and its shareholders;

(IV) having strong comprehensive analysis and judgment capabilities, and possessing the ability to work independently;

(V) satisfying other conditions stipulated by relevant laws, regulations or the Articles of Association.

Any person who does not meet the qualification requirements for appointment as stipulated in the preceding article shall not be elected as a member of the Remuneration Committee. Where any circumstance arises during the term of office of a member of the Remuneration Committee that renders such member unsuitable for office as prescribed in the preceding article, such member shall resign voluntarily or be replaced by the Board of Directors of the Company.

Article 8 The term of office of the Remuneration Committee shall be the same as the term of office of the Board of Directors, and members shall be eligible for re-election upon expiry of their term. During their term, if any member ceases to be a director of the Company, or if any member who is required to be an independent non-executive director ceases to meet the independence requirements stipulated in the Articles of Association and the Listing Rules, such member shall automatically be disqualified as a member. A member of the Remuneration Committee may resign from his/her position as a member by submitting a written resignation report to the Board of Directors before the expiry of his/her term of office. The resignation report shall include necessary explanations of the reasons for resignation and any matters that need to be brought to the attention of the Board of Directors of the Company. Where the composition of the Remuneration Committee fails to satisfy the requirements of Article 4 and Article 7 of the Terms of Reference, the Board of Directors shall immediately explain the details of and reasons for such failure by way of an announcement in accordance with the requirements of the Listing Rules, and shall fill the vacancy in accordance with the provisions of Articles 4 to 7 of the Terms of Reference within three months from the date of such failure. The term of office of the newly appointed member shall end upon the expiry of such member's term of office as a director. Before the expiration of a member's term of office, such member shall not be removed from office without cause, unless circumstances arise under which the member is prohibited from holding office as stipulated in the Company Law, the Articles of Association, or the Listing Rules.

CHAPTER III DUTIES AND POWERS

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

(I) to make recommendations to the Board of Directors on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, based on the scope of major duties, time commitment and importance of the positions of directors and senior management, the remuneration levels of relevant positions in other comparable companies, and the employment conditions for other positions within the Company;

(II) to review the management's remuneration proposals with reference to the corporate goals and objectives set by the Board of Directors;

(III) to supervise the implementation of the Company's remuneration system, having regard to the remuneration paid by comparable companies, the time commitment and responsibilities involved, and the employment conditions elsewhere in the Group;

(IV) to make recommendations to the Board of Directors on the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and to make recommendations to the Board of Directors on the remuneration of non-executive directors;

(V) to consult the chairman (chairman of the Board) and/or the chief executive officer (general manager) for their opinions before making recommendations to the Board of Directors on the remuneration of other executive directors; where necessary, the Remuneration Committee should also seek independent professional advice at the expense of the Company;

(VI) to review and approve 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;

(VII) 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;

(VIII) to ensure that no director or any of his associates (as defined in the Listing Rules) is involved in deciding his own remuneration; for a non-executive director who is also a member of the Remuneration Committee, his remuneration shall be determined by the other members of the Remuneration Committee;

(IX) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;

(X) to ensure that any share options or awards granted by the Company to its directors or senior management (if any) comply with the requirements of Chapter 17 of the Listing Rules (as amended and supplemented from time to time) (if applicable), including but not limited to:

(1) where options or awards are granted to directors and/or senior management with a vesting period of less than 12 months, to provide views on why a shorter vesting period is appropriate and how such grants are consistent with the purpose of the relevant share incentive scheme;

(2) where options or awards are granted to directors and/or senior management without performance targets and/or a clawback mechanism, to provide views on why performance targets and/or a clawback mechanism are not necessary and how such grants are consistent with the purpose of the relevant share incentive scheme;

(XI) the duties and powers of the Remuneration Committee shall include the duties and powers set out in the relevant code provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (as amended from time to time); and

(XII) other matters as stipulated by laws, regulations, rules, normative documents, the Articles of Association and the Terms of Reference, the Listing Rules, as well as other matters authorized by the Board of Directors.

Article 10 The remuneration plan or proposal proposed by the Remuneration Committee shall not prejudice the interests of shareholders, and the Board of Directors is entitled to veto any remuneration plan or proposal that prejudices the interests of shareholders.

Article 11 Any remuneration plan or proposal for the directors of the Company proposed by the Remuneration Committee shall be submitted to the Board of Directors for its consent, and may be implemented only after being submitted to and approved by the shareholders in a general meeting. Any remuneration plan or proposal for the senior management of the Company shall be submitted to the Board of Directors for approval. The Remuneration Committee shall be accountable to the Board of Directors. The proposals of the Committee shall be submitted to the Board of Directors for consideration. Relevant departments of the Company have an obligation to cooperate with the Remuneration Committee in its work and provide relevant materials.

Except as otherwise provided in the Company Law and the Articles of Association, pursuant to the Listing Rules, directors' service contracts that require shareholders' approval include:

(I) service contracts with a term of more than three years; or

(II) contracts which require the company, should it wish to terminate the contract, to give more than one year's notice or to pay compensation or other payments equivalent to more than one year's remuneration.

The Remuneration Committee shall express its opinion on the aforementioned directors' service contracts that require shareholders' approval, advising shareholders as to whether the terms of the relevant contracts are fair and reasonable, whether such contracts are in the interests of the Company and its shareholders as a whole, and how shareholders (other than shareholders who are directors and have a material interest in such service contracts and their associates) should vote.

The management has a responsibility to provide sufficient and timely information to the Remuneration Committee to enable it to make informed decisions. The information supplied by the management must be complete and reliable.

Article 12 The Remuneration Committee shall make its terms of reference available on the website of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and on the Company's website, explaining its role and the authority delegated to it by the Board of Directors.

CHAPTER IV WORKING PROCEDURES

Article 13 The Office of the Board of Directors of the Company shall be responsible for liaising with and coordinating relevant departments to provide information regarding the Company's human resources and information concerning the persons being appraised, preparing for meetings of the Remuneration Committee, and implementing relevant resolutions of the Board of Directors and the Remuneration Committee.

Article 14 The Company shall provide relevant information for the Remuneration Committee to perform its duties:

(I) the scope of duties and performance of major responsibilities of the directors and senior management of the Company;

(II) annual performance appraisal results of directors and senior management;

(III) past remuneration levels of directors and senior management;

(IV) the Company's remuneration plans or schemes formulated based on its performance;

(V) various remuneration systems of the Company and the implementation of such systems.

The Remuneration Committee shall perform its primary duties under Article 9 of the Terms of Reference based on the information provided by the Company.

The chairman of the Remuneration Committee or, in his/her absence, another member of the Remuneration Committee (who must be an independent non-executive director) shall attend the annual general meeting of the Company and respond to questions raised by shareholders in respect of the activities and responsibilities of the Remuneration Committee.

CHAPTER V RULES OF PROCEDURE

Article 15 The Remuneration Committee shall meet at least once a year. An extraordinary meeting of the Remuneration Committee may be convened when the chairman of the Remuneration Committee considers it necessary, when more than half of the members so propose, or when the chairman of the Board so suggests.

Article 16 Meetings of the Remuneration Committee shall be convened by the chairman of the Committee, who shall also issue the notice of meeting. The notice of meeting and meeting materials shall be delivered to all members three days prior to the date of the meeting (excluding the date of the meeting). The requirement for the prior notice period may be waived upon the unanimous consent of all members.

Article 17 Meetings of the Remuneration Committee shall be presided over by the chairman of the Committee; where the chairman of the Committee is unable to attend, he/she may appoint another independent non-executive director to preside.

Article 18 A meeting of the Remuneration Committee shall be held only when more than two-thirds of the members are present, at least one of whom must be an independent non-executive director. A member who is unable to attend may appoint another member in writing to attend and vote on his/her behalf. The instrument of proxy shall specify the name of the proxy, the matters to be delegated, the scope of authorisation and the period of validity, and shall be signed or sealed by the appointor and submitted to the chairman of the meeting no later than before the vote is taken at the meeting. If a member fails to attend a Remuneration Committee meeting and has not appointed a representative to attend on his/her behalf, he or she shall be deemed to have waived his/her voting rights at that meeting.

Resolutions made at a meeting must be passed by more than half of all members, and the relevant resolutions or opinions shall be signed by the members attending the meeting. Each member shall have one vote. Votes may be cast as "for", "against", or "abstain". In the event of an equality of votes, the chairman of the Committee shall have a second or casting vote.

The voting method of the Remuneration Committee meetings shall be by a show of hands or by poll; upon the consent of all members, a meeting may be convened by way of voting by correspondence.

Article 19 Meetings of the Remuneration Committee may be held by appropriate means such as in person, by telephone conference, by video conference, or by circulation of documents, facsimile or email.

Article 20 When necessary, the Remuneration Committee may invite directors, senior management of the Company and external advisers to attend its meetings. Persons attending the meeting may provide explanations or clarifications on the matters discussed at the meeting, and non-members shall have no voting rights.

Article 21 The Company shall provide the Remuneration Committee with sufficient resources to perform its duties. The senior management and relevant departments of the Company shall adopt a cooperative and supportive attitude towards the Remuneration Committee, provide relevant information, and actively cooperate with the work of the Remuneration Committee. If necessary, the Remuneration Committee may engage independent professional firms to provide professional advice for its decision-making. The term of engagement and fees of the relevant professional firms shall be determined by the Committee, and the reasonable expenses incurred shall be borne by the Company. The Company shall, in accordance with the relevant provisions of the Listing Rules, disclose the directors' remuneration policy in its annual report, and disclose details of the remuneration of senior management by remuneration band and other remuneration-related matters.

Article 22 A member shall make a disclosure to the Remuneration Committee in advance and recuse himself/herself from the discussion and voting on the relevant agenda item under any of the following circumstances:

(I) when evaluating the performance of such member or discussing his/her remuneration;

(II) when evaluating the performance of or discussing the remuneration of an associate (as defined in the Listing Rules) of such member; and

(III) other circumstances involving a conflict of interest or other situations that may affect the objective and impartial judgment of such member.

Article 23 The procedures for convening meetings of the Remuneration Committee, the voting methods, and the remuneration policies and distribution plans passed at such meetings must comply with the provisions of the relevant laws and regulations, the Articles of Association and the Terms of Reference.

Article 24 Minutes of the Remuneration Committee meetings shall be kept in writing and shall record in sufficient detail the matters considered and decisions reached at the meetings, which shall include any concerns raised or dissenting views expressed by the directors. Draft and final versions of the minutes of meetings shall be sent to all members of the Committee within a reasonable time after the meeting, the draft for members to express their opinions and the final version for their records. Members attending the meeting shall sign the minutes. The minutes of meetings shall be kept by the duly appointed secretary of the meeting and shall be open for inspection at any reasonable time on reasonable notice by any director.

Article 25 Resolutions passed at a meeting of the Remuneration Committee and the voting results thereof shall be reported to the Board of Directors of the Company in writing for consideration.

Article 26 All members attending the meeting and all other persons present at the meeting have an obligation of confidentiality regarding the matters discussed at the meeting. Unless otherwise required by relevant laws, regulations and/or regulatory authorities, they shall not disclose relevant information without authorisation, nor shall they use the information of which they are aware to engage in, or procure others to engage in, insider dealing. Otherwise, they shall bear all legal liabilities arising therefrom.

CHAPTER VI SUPPLEMENTARY PROVISIONS

Article 27 For the purposes of the Terms of Reference, the term "more than" or "above" is inclusive of the number itself; the term "over half" or "a majority" is exclusive of the number itself.

Article 28 The Terms of Reference, having been considered and approved by the Board of Directors, shall become effective and be implemented from the date on which the H Shares publicly offered by the Company are listed and traded on the Main Board of the Hong Kong Stock Exchange. The Terms of Reference shall be amended and interpreted by the Board of Directors.

Article 29 Any matters not covered by the Terms of Reference shall be handled in accordance with the provisions of relevant laws, regulations, departmental rules, the Listing Rules and other relevant regulatory rules of the place of listing, and the Articles of Association. In the event of any conflict between the Terms of Reference and the provisions of relevant laws, regulations, departmental rules, the Listing Rules and other relevant regulatory rules of the place of listing, or the Articles of Association, the provisions of such laws, regulations, departmental rules, the Listing Rules and other relevant regulatory rules of the place of listing, and the Articles of Association shall prevail, and the Terms of Reference shall be amended accordingly as soon as practicable and submitted to the Board of Directors for consideration and approval.