HOSIN Electronics Co., LTD.

Terms of Reference of the Remuneration and Appraisal Committee of the Board

Chapter 1 General Provisions

Article 1 These Terms of Reference are formulated for the purpose of further establishing and improving the assessment and remuneration management system for the Directors and senior management of HOSIN Electronics Co., LTD. (the "**Company**"), in accordance with the relevant provisions of the Company Law of the PRC (the "**Company Law**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Articles of Association of HOSIN Electronics Co., LTD. (the "**Articles of Association**").

Article 2 The Remuneration and Appraisal Committee is a specialised working body established by the Board, and is primarily responsible for formulating the assessment criteria for, and conducting the assessment of, the Directors and senior management of the Company, and for formulating and reviewing the remuneration policies and schemes for the Directors and senior management of the Company.

Article 3 Senior management referred to in these Terms of Reference means the general manager, deputy general manager, chief financial officer, the secretary to the Board and other personnel appointed by the Board.

Chapter 2 Composition of the Committee

Article 4 The Remuneration and Appraisal Committee shall comprise at least three Directors, a majority of whom must be independent non-executive Directors.

Article 5 The chairperson of the Board and one half or more of the Directors shall each have the right to nominate candidates for members of the Committee. Members shall be appointed by a resolution passed by more than half of all the Directors. Upon the passing of the resolution electing a member, the newly appointed member shall take office immediately after the conclusion of the Board meeting.

Article 6 The Remuneration and Appraisal Committee shall have one convenor (chairperson), who shall be an independent non-executive Director and shall be responsible for presiding over the work of the Committee. The convenor (chairperson) shall be elected by the members of the Committee and reported to the Board for filing.

Article 7 The term of office of the Remuneration and Appraisal Committee shall be the same as that of the Directors of the Company. A member may stand for re-election upon the expiry of his or her term of office. Before the expiry of the term of office of a member of the Remuneration and Appraisal Committee, he or she shall not be removed from office without cause unless circumstances arise that disqualify him or her from holding office. If a member ceases to hold the office of Director of the Company by reason of resignation or any other reason, his or her membership of the Committee shall automatically cease at the time he or she ceases to be a Director. The Board shall promptly appoint a new member to fill the vacancy.

Article 8 Where a member of the Committee is under any of the following circumstances, the Board shall remove him or her from office:

(I) he or she breaches any law, regulation, rule or the discipline of the Committee;

(II) he or she fails to discharge his or her duties with due diligence, is absent from meetings of the Committee twice without good reason, or is unable to issue an opinion on the matters to be reviewed on three occasions;

(III) he or she submits a written resignation, or ceases to be suitable to continue serving as a member during his or her term of office due to a change in his or her position;

(IV) any other circumstance under which he or she is unsuitable to serve as a member of the Committee.

A member of the Remuneration and Appraisal Committee may tender his or her resignation to the Board before the expiry of his or her term of office, and the resignation report shall contain the necessary explanation of the reasons for resignation and the matters requiring the attention of the Board of the Company.

Article 9 The human resources department of the Company shall be responsible for providing information relating to the operations of the Company and information relating to the persons to be assessed, and for implementing the relevant resolutions of the Remuneration and Appraisal Committee.

Chapter 3 Duties of the Committee

Article 10 The Remuneration and Appraisal Committee shall be responsible for formulating the assessment criteria for, and conducting the assessment of, the Directors and senior management, and for formulating and reviewing the remuneration policies and schemes for the Directors and senior management. Its principal duties and powers are as follows:

(I) to make recommendations to the Board on the following matters:

1. the overall remuneration and structure of the Directors and senior management, and the establishment of formal and transparent procedures for formulating remuneration policy;

2. the formulation or change of equity incentive schemes and employees' stock ownership plans, the granting of the interests to incentive recipients, and the fulfilment of the conditions for the vesting or exercise of interests;

3. the shareholding arrangements of Directors and senior management in respect of subsidiaries proposed to be spun off;

4. other matters as stipulated by laws, administrative regulations, the Listing Rules and the Articles of Association.

(II) reviewing and approving management's remuneration proposals in light of the corporate policies and objectives established by the Board;

(III) determining, under the responsibility delegated by the Board, the remuneration packages of individual executive Directors and senior management, or recommending to the Board the remuneration packages of individual executive Directors and senior management, including non-monetary benefits, pension rights and compensation payments (including compensation for loss or termination of office or appointment); consulting the Chairperson and/or the chief executive on the remuneration proposals for executive Directors, and the Committee may seek independent professional advice if necessary;

(IV) making recommendations to the Board on the remuneration of non-executive Directors;

(V) considering the remuneration paid by comparable companies, the time commitment and responsibilities, and the employment conditions of other positions within the Group;

(VI) reviewing and approving compensation payable to executive Directors and senior management for their loss or termination of office or appointment, to ensure that such compensation is consistent with the terms of the contracts; if not consistent with the terms of the contracts, the compensation shall also be fair and reasonable and not excessive;

(VII) reviewing and approving compensation arrangements in connection with the dismissal or removal of the relevant Directors due to misconduct, to ensure that such arrangements are consistent with the terms of the contracts; if not consistent with the terms of the contracts, the compensation shall also be reasonable and appropriate;

(VIII) ensuring that no Director or any of his or her associates (as defined in the Listing Rules) shall participate in determining his or her own remuneration; and

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

(X) other matters as stipulated by laws, administrative regulations, the Listing Rules and the Articles of Association.

Where the Board does not adopt or does not fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record in the Board resolution the opinions of the Remuneration and Appraisal Committee and the specific reasons for non-adoption, and disclose them in accordance with the securities regulatory rules of the place(s) where the Company's shares are listed (if required).

Article 11 The Remuneration and Appraisal Committee shall be accountable to the Board. The remuneration distribution plan for Directors of the Company proposed by the Remuneration and Appraisal Committee shall be approved by the shareholders' meeting; the remuneration distribution plan for senior management of the Company shall be approved by the Board.

Chapter 4 Decision-Making Procedures

Article 12 The human resources department of the Company shall be responsible for the preliminary preparation for the decision-making of the Remuneration and Appraisal Committee and shall provide the following information:

(I) the completion of the Company's major financial indicators and business objectives;

(II) the scope of responsibilities and main duties of the senior management of the Company;

(III) the completion of the indicators involved in the performance assessment system for the positions of Directors and senior management of the Company;

(IV) the operating performance of Directors and senior management of the Company in terms of business innovation capability and profitability;

(V) the relevant calculation basis for formulating the Company's remuneration distribution plan and distribution method based on the Company's performance.

Article 13 The assessment procedures of the Remuneration and Appraisal Committee for Directors and senior management of the Company shall be as follows:

(I) Directors and senior management of the Company shall report on their duties and conduct self-assessment before the Remuneration and Appraisal Committee;

(II) the Remuneration and Appraisal Committee shall conduct performance evaluation of Directors and senior management in accordance with the performance evaluation standards and procedures;

(III) based on the position performance evaluation results and the remuneration distribution policy, the Remuneration and Appraisal Committee shall propose the amount of remuneration and incentive methods for Directors and senior management, and shall submit the same to the Board of Directors after approval by vote.

Chapter 5 Rules of Procedure

Article 14 The Remuneration and Appraisal Committee shall issue a meeting notice three days prior to the meeting (excluding the date of the notice and including the date of the meeting). In case of emergency, the above notice period may be waived. The agenda and relevant meeting documents for regular meetings of the Remuneration and Appraisal Committee shall be delivered in full and in a timely manner to the members of the Remuneration and Appraisal Committee at least three days prior to the scheduled date of the Remuneration and Appraisal Committee meeting (or within such other time as agreed). All other meetings of the Remuneration and Appraisal Committee shall also adopt the above arrangements where practicable.

The meetings of the Remuneration and Appraisal Committee shall be convened and presided over by the convener (chairperson). If the convener (chairperson) is unable or unavailable to perform his or her duties, he or she shall designate another member to exercise his or her powers. If the convener (chairperson) neither performs his or her duties nor designates another member to perform his or her duties, any member may report the matter to the Board of Directors of the Company, and the Board of Directors shall designate a member to perform the duties of the convener (chairperson) of the Remuneration and Appraisal Committee.

Members of the Remuneration and Appraisal Committee shall attend its meetings in person. If a member is unable to attend for any reason, he or she may in writing entrust another member to attend on his or her behalf. If a member neither attends the Committee meeting nor entrusts another member to attend, he or she shall be deemed to have waived his or her right to vote at such meeting. If a member of the Remuneration and Appraisal Committee fails to attend in person for two consecutive times and does not entrust another member to attend the Committee meeting, he or she shall be deemed unable to perform his or her duties, and the members of the Remuneration and Appraisal Committee shall propose to the Board of Directors to remove him or her. If a member of the Remuneration and Appraisal Committee entrusts another member to attend the meeting and exercise voting rights on his or her behalf, he or she shall submit a proxy form to the person presiding over the meeting.

Article 15 Meetings of the Remuneration and Appraisal Committee shall be held only if attended by one-half of the members. Each member shall have one vote; resolutions made at the meeting must be passed by more than half of all members.

Article 16 Meetings of the Remuneration and Appraisal Committee shall in principle be held in person. Provided that all attending members can fully communicate and express their opinions, meetings may, when necessary, be held by video conference, telephone or other means in accordance with procedures. Voting by the Remuneration and Appraisal Committee shall be by show of hands or by poll.

Article 17 The Remuneration and Appraisal Committee may, when necessary, invite Directors, senior management, heads of relevant departments and experts in relevant fields to attend its meetings as non-voting attendees. When a meeting of the Remuneration and Appraisal Committee discusses matters in which a member has a connected relationship, such connected member shall recuse himself or herself. If the number of non-connected members attending the meeting is less than one-half of the total number of Committee members, the matter shall be submitted to the Board of Directors for deliberation.

Article 18 If necessary, with the approval of the Board of Directors, the Remuneration and Appraisal Committee may engage intermediary institutions to provide professional advice for decision-making, and the fees shall be borne by the Company.

Article 19 The procedures for convening meetings, voting methods and resolutions passed at meetings of the Remuneration and Appraisal Committee must comply with relevant laws, regulations, the Listing Rules, the Articles of Association and these Terms of Reference. Resolutions requiring approval by the Board shall be submitted to the secretary to the Board after the meeting.

Article 20 Minutes shall be kept for meetings of the Remuneration and Appraisal Committee, recording the matters considered and decisions reached at the meeting in sufficient detail, including any concerns raised or objections expressed by members. The draft and final versions of the minutes of the Remuneration and Appraisal Committee meetings shall be sent to all members of the Remuneration and Appraisal Committee within seven days after the meeting, with the draft for members to express their opinions and the final version for their records. Members attending the meeting shall sign the minutes; resolutions and minutes of the Remuneration and Appraisal Committee shall be kept by the secretary to the Board of Directors as part of the Company's archives for a period of not less than ten years. The minutes shall be available for inspection at any reasonable time upon reasonable notice given by any Director.

Article 21 Resolutions passed and voting results of the Remuneration and Appraisal Committee meetings shall be reported in writing to the Board of Directors of the Company. For resolutions on which it is genuinely difficult to reach a unified opinion, the differing opinions shall be submitted to the Board of Directors with explanations.

Article 22 Members attending the meeting shall be obligated to keep the matters discussed at the meeting confidential and shall not disclose relevant information without authorization; otherwise, they shall be liable for any adverse consequences arising therefrom.

Chapter 6 Supplementary Articles

Article 23 Matters not covered by these Terms of Reference shall be handled in accordance with the relevant laws and regulations of the State, the securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association. If these Terms of Reference conflict with laws and regulations promulgated by the State in the future, the securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association as amended through lawful procedures, the relevant laws and regulations of the State, the securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association shall prevail.

Article 24 These Terms of Reference shall be interpreted by the Board of Directors of the Company.

Article 25 These Terms of Reference shall take effect and be implemented from the date on which they are considered and approved by the Board of the Company and the overseas listed shares (H Shares) issued by the Company are listed on The Stock Exchange of Hong Kong Limited. Upon implementation of these Terms of Reference, the Company's original Terms of Reference of the Remuneration and Appraisal Committee of the Board of Directors shall automatically cease to be effective.