

UNITED GENE HIGH-TECH GROUP LIMITED

聯合基因科技集團有限公司

(the “**Company**”, together with its subsidiaries, the “**Group**”)

Remuneration Committee - Terms of Reference

A remuneration committee (the “**Remuneration Committee**”) was set up by the board of directors (“**Directors**”) of the Company (the “**Board**”) on 30th June, 2008.

1. Membership

- 1.1 The Remuneration Committee shall comprise of no less than 3 members, each being appointed by the Board. A majority of the members must be independent non-executive Directors.
- 1.2 The Board shall have the right to appoint and remove members of the Remuneration Committee. The Board shall also have the right to appoint additional members to the Remuneration Committee.
- 1.3 The chairman (the “**Chairman**”) of the Remuneration Committee shall be appointed by the Board and shall be an independent non-executive Director.
- 1.4 The Chairman may be removed at any time by the Board.

2. Company Secretary

- 2.1 The company secretary (the “**Company Secretary**”) or his/her nominee shall act as the secretary of the Remuneration Committee.
- 2.2 In the absence of the secretary of the Remuneration Committee, the members of the Remuneration Committee present at the meeting shall elect another person to act as the secretary.

3. Meetings

- 3.1 The Remuneration Committee shall meet at least once a year and at such other times as the Chairman shall require.
- 3.2 The quorum of the Remuneration Committee shall be any two members. No business shall be transacted at any meeting of the Remuneration Committee unless a quorum of members is present at the time when the meeting proceeds to business. If only two members are present in any meeting of the Remuneration Committee, at least one member must be an independent non-executive Director.
- 3.3 In the absence of the Chairman at any meeting of the Remuneration Committee, the remaining members of the Remuneration Committee present at any meeting convened in accordance with these terms of reference shall elect among the remaining members of the Remuneration Committee to act as the Chairman.
- 3.4 Other Directors who are not members of the Remuneration Committee shall have the right to attend any meetings of the Remuneration Committee. However they shall not be counted in the quorum.

- 3.5 A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Remuneration Committee.
- 3.6 Resolutions of the Remuneration Committee at any meeting shall be passed by a majority of votes of the members present.
- 3.7 Written resolution may be passed by all members of the Remuneration Committee.
- 3.8 The attendance of members at meetings of the Remuneration Committee shall be recorded by the Company Secretary and disclosed in the corporate governance report annually.

4. Authority

- 4.1 The Remuneration Committee shall consult the Chairman of the Board and/or Chief Executive about their remuneration proposals for other executive Directors and have access to independent professional advice if necessary.
- 4.2 The Remuneration Committee should be provided with sufficient resources to perform its duties and is authorised by the Board to seek any information it requires from any employee of the Company or its subsidiaries in order to perform its duties and all employees are directed to co-operate with any request made by the Remuneration Committee. Senior management shall be obliged to supply to the Remuneration Committee with adequate information in a timely manner to enable it to make informed decisions. The information supplied must be complete and reliable.
- 4.3 In carrying out its duties, the Remuneration Committee, if considered necessary, is authorised by the Board to obtain, at the Company's expense, independent expert advice from legal or other professional advisors.
- 4.4 No member of the Remuneration Committee should be involved in deciding his/her own remuneration.

5. Responsibilities

- 5.1 The Remuneration Committee shall have the following responsibilities:-
- a. to make recommendations to the Board on the Group'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 and make recommendations on annual remuneration review, the Board has the final authority to approve the remuneration of Directors and senior management. Where the Board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the Board should disclose the reason for its resolution in its next Corporate Governance Report;
 - b. to determine with delegated responsibility, the remuneration packages of individual executive Directors and senior management or to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
 - c. to make recommendations to the Board on the remuneration of non-executive Directors;

- d. to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- e. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- f. 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;
- g. 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;
- h. to ensure that no Director or any of his associates is involved in deciding his own remuneration;
- i. to form a view in respect of any service contracts that require shareholders' approval under rule 13.68 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and advise shareholders (1) as to whether the terms are fair and reasonable; (2) as to whether such contracts are in the interests of the Company and its shareholders as a whole; and (3) on how to vote;
- j. to consult the chairman of the Board and/or the chief executive of the Company about their remuneration proposals for other executive Directors. The Remuneration Committee should have accessed to independent professional advice if necessary;
- k. to ensure proper disclosure of the Directors' remuneration in the annual report of the Company in accordance with the accounting principles and the Listing Rules, including the disclosure of details of any remuneration payable to members of senior management, on an individual and named basis, in the Company's annual reports;
- l. to address and deal with such other matters as may be delegated by the Board to the Remuneration Committee;
- m. to consider and approve the grant of share options and share appreciation rights to eligible participants pursuant to the share option scheme and share appreciation rights plan of the Company; and
- n. to prepare the annual plan for the grant of share appreciation rights under the share appreciation rights plan of the Company and be responsible for the day to day administration of the share appreciation rights plan.

NOTE: "senior management" in sections 4 and 5 should refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules. It is the responsibility of the Directors 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 Directors, is appropriate.

6. Notice

- 6.1 Unless otherwise agreed by all members of the Remuneration Committee, a meeting of the Remuneration Committee shall be called by at least seven days' notice.

- 6.2 A member of the Remuneration Committee may and, on the request of a member of the Remuneration Committee, the secretary to the Remuneration Committee shall, at any time summon a meeting of the Remuneration Committee. Notice shall be given to each member of the Remuneration Committee orally in person or in writing or by telephone or by telex or telegram or facsimile transmission or electronic mail at the telephone or facsimile or address or electronic email address from time to time notified to the secretary by such member of the Remuneration Committee by such other means as the members may from time to time determine. Any notice given orally shall be confirmed in writing.
- 6.3 Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Remuneration Committee for the purposes of the meeting.

7. Reporting procedures

- 7.1 Minutes of the Remuneration Committee should record in sufficient detail regarding the matters considered and decisions reached, including any concerns raised by any member of the Remuneration Committee or dissenting views expressed. Draft and final versions of minutes should be sent to all members of the Remuneration Committee for their comment and records respectively, within a reasonable time after the meeting is held.
- 7.2 Minutes of Remuneration Committee meetings shall be kept by the duly appointed secretary of the meeting (who should normally be the Company Secretary), and shall be made available for inspection by any member of the Remuneration Committee and any Director at any reasonable time and on reasonable notice.
- 7.3 The Remuneration Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Remuneration Committee, the Chairman shall report the findings and recommendations of the Remuneration Committee to the Board.
- 7.4 The Chairman, or in the absence of the Chairman, a member of the Remuneration Committee or failing this his/her duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to shareholders' questions.

8. Continuing applications of the articles of association of the Company

- 8.1 The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and not inconsistent with the provisions hereof shall apply, mutatis mutandis, to regulate the meetings and proceedings of the Remuneration Committee.

9. Powers of the Board

- 9.1 The Board may, subject to compliance with the articles of association of the Company and the Listing Rules, amend, supplement and revoke the provisions of these terms of reference and any resolution passed by the Remuneration Committee provided that no amendments to and revocation of the provision of these terms of reference and the resolutions passed by the Remuneration Committee shall invalidate any prior act and resolution of the Remuneration Committee which would have been valid if such provisions or resolutions had not been amended or revoked.

- 9.2 The Board should conduct a regular evaluation of the performance of the Remuneration Committee.

10. Miscellaneous

- 10.1 These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. The Listing Rules) in Hong Kong.
- 10.2 The English text of these terms of reference will prevail over the Chinese text in case of any inconsistency.