



**CHINA ISOTOPE & RADIATION CORPORATION**  
**中國同輻股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1763)**

**Terms of Reference of the Remuneration and Appraisal Committee  
under the Board of Directors of  
China Isotope & Radiation Corporation**

**Chapter I General**

- Article 1** In order to further enhance the remuneration and appraisal systems for the directors and senior management members of China Isotope & Radiation Corporation (hereinafter referred to as the “Company”) and improve the corporate governance structure of the Company, the Company sets up the Remuneration and Appraisal Committee (hereinafter referred to as the “Committee”) under the Board of Directors (hereinafter referred to as the “Board”) and hereby formulates these detailed terms of reference (hereinafter referred to as these “Terms”) in accordance with the Company Law of the People’s Republic of China, Standards on Corporate Governance of Listed Companies, Guidelines No. 1 on the Application of Self-Regulation Rules for Listed Companies on Shanghai Stock Exchange STAR Market – Regulated Operation, Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of China Isotope & Radiation Corporation (hereinafter referred to as the “Articles”), the Procedural Rules of the Board Meetings of China Isotope & Radiation Corporation and other relevant laws, regulations and regulatory documents.
- Article 2** The Committee is a specialized work organ under the Board. It is mainly responsible for formulating the appraisal standards and conducting appraisal for the Company’s directors and senior management members, and formulating and reviewing the remuneration policy and package for them.
- Article 3** The Committee shall be accountable to the Board and report to the Board.
- Article 4** In these Terms, directors refer to all directors of the Company; and senior management members refer to the general manager, deputy general manager, chief accountant, chief legal officer, Board secretary, chief engineer and other executives as specified in the Articles.

## **Chapter II      Committee Composition and Executive Body**

- Article 5**      The Committee shall consist of no less than three directors, and the majority of them shall be independent non-executive directors.
- Members of the Committee shall be nominated by the chairman of the Board and appointed by the Board upon approval by more than half of the directors.
- Article 6**      The Committee shall have one chairperson (i.e. the convener) who shall be an independent non-executive director. The chairperson of the Committee shall be nominated by the chairman of the Board and his/her appointment shall be considered and approved by the Board.
- Article 7**      The term of office of the Committee is the same as that of the Board, the terms of office of the Committee members are the same as that of the directors. Members may be re-elected when their terms of office expire. Where any member no longer serves as director of the Company during his or her term of office, he or she shall be disqualified as a member of the Committee automatically. Before the expiration of their terms of office, members shall not be dismissed without reason unless they are not allowed to serve according to laws and regulations, the Articles or these Terms.
- Article 8**      The Committee members may tender their resignations to the Board before the expiration of their terms of office. The resignation report shall provide necessary explanations on the reasons for resignation and the matters that need to be brought to the attention of the Board of the Company.
- Article 9**      The Committee members may be changed within their terms of office if proposed by the chairman of the Board and approved after discussion by the Board.
- Article 10**      The Committee members may also serve in other special committees under the Board if they are capable of performing their duties.
- Article 11**      If the number of the Committee members falls below the minimum number as prescribed herein, the Board shall arrange for making up the shortfall in accordance with the provisions in these Terms. The resigning member shall, before the alternate member of the Board takes office, continue to perform related responsibilities.
- Article 12**      With the coordination of the office of the Board, the human resources department of the Company, acting as the Committee's executive body, provides supports and services to the Committee and undertakes the relevant work assigned by the Committee.

### Chapter III Responsibilities of the Committee

**Article 13** The major responsibilities of the Committee shall include:

- 13.1 To make recommendations to the Board on the Company's remuneration policy and structure for all directors and senior management members and on the establishment of a formal and transparent procedure for formulating the remuneration policy;
- 13.2 To determine the remuneration packages (including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment) of all executive directors and senior management members and to make recommendations to the Board on the remuneration packages for non-executive directors. The factors to be considered by the Committee include the opinions issued by the State-owned Assets Supervision and Administration Commission of the State Council, salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere within the Company and desirability of performance-based remuneration;
- 13.3 To formulate administrative measures for the performance appraisal of the senior management members of the Company, prepare evaluation plans and determine evaluation purposes;
- 13.4 To review and approve performance-based remuneration by making reference to the corporate objectives approved by the Board from time to time;
- 13.5 To examine and approve compensation payable to executive directors and senior management members for loss or termination of office or appointment to ensure that the compensation is determined in accordance with the terms of relevant contracts; in case the compensation cannot be determined in accordance with the terms of relevant contracts, the compensation shall be fair and reasonable and no undue burden is placed on the Company;
- 13.6 To examine and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that the arrangements are determined in accordance with the terms of relevant contracts; in case the arrangements cannot be determined in accordance with the terms of relevant contracts, the arrangements shall be reasonable and appropriate;
- 13.7 To supervise the performance appraisal and remuneration evaluation for the responsible persons of internal departments, branches and subsidiaries of the Company (other than the responsible person of the internal audit department);
- 13.8 To ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;

- 13.9 To examine the performance of responsibilities by directors and senior management members and conduct annual performance appraisals of them;
- 13.10 To study the Company's policies and proposals in relation to salary, welfare, rewards and penalties, make recommendations to the Board and supervise the implementation of such policies and proposals;
- 13.11 The Committee may appoint professional bodies to assist it in the performance of the above responsibilities;
- 13.12 Other responsibilities delegated by the Board.

**Article 14** The responsibilities of the chairperson of the Committee shall include:

- 14.1 To convene and preside over regular and extraordinary meetings of the Committee;
- 14.2 To supervise and examine the work of the Committee and implementation of the Committee resolutions;
- 14.3 To sign relevant documents of the Committee;
- 14.4 To report the work of the Committee to the Board;
- 14.5 Other responsibilities required to perform by the Board.

**Article 15** Major responsibilities of Committee members shall include:

- 15.1 To attend the Committee meeting on time, express opinions on matters discussed and exercise rights to vote;
- 15.2 To propose topics to be discussed in the Committee meeting;
- 15.3 To attend or sit in on relevant meetings of the Company and conduct investigations and researches as well as obtain necessary reports, documents, data and other relevant information to perform responsibilities;
- 15.4 To fully understand the responsibilities of the Committee and as a Committee member, be familiar with the operation and management, business activities and development of the Company in connection with his/her responsibilities and ensure his/her capacity to perform responsibilities;
- 15.5 To fully guarantee the work time and effort to perform responsibilities;
- 15.6 Other responsibilities assigned by these Terms.

- Article 16** The executive body of the Committee shall be responsible for the preparatory work to facilitate the decision-making process of the Committee, including providing relevant information of the Company:
- 16.1 To provide major financial indicators of the Company and the achievement of business objectives;
  - 16.2 To provide the scope of work and main responsibilities of senior management members of the Company;
  - 16.3 To provide the achievement of performance evaluation indicators for directors and senior management members;
  - 16.4 To provide relevant calculation basis for formulating the remuneration allocation proposal based on the Company's performance.

#### **Chapter IV Meetings of the Committee**

**Article 17** The Committee meeting can be classified as regular meeting and extraordinary meeting.

**Article 18** The Committee shall hold at least one regular meeting every year by issuing a notice to all members three days prior to the meeting.

**Article 19** The Committee may convene extraordinary meetings when necessary. In any of the following circumstances, within three days of the occurrence of the relevant facts, the chairperson of the Committee shall issue a notice to convene a meeting:

- 19.1 in circumstances as deemed necessary by the Board;
- 19.2 in circumstances as deemed necessary by the chairperson of the Committee;
- 19.3 when proposed by two or more members of the Committee.

**Article 20** The executive body of the Committee shall be responsible for delivering the notice of meeting by email or other convenient means to each Committee member and relevant person invited to attend the meeting three days prior to the date of the meeting (except in special circumstances where the obligation to make notification in advance may be exempted, provided that the chairperson of the meeting shall provide explanation in the meeting). The notice of meeting shall contain information on the form, time, venue, duration and agenda of the meeting, time of issuance of the notice, name and contact information of the contact person and other relevant information.

**Article 21** Upon receipt of the notice, each Committee member shall provide confirmation and any relevant replies via proper means (including but not limited to confirmation of attendance or absence and his/her schedule) in a timely manner.

**Article 22** A meeting of the Committee may only be validly held when attended by more than two-thirds of all members.

The members of the Committee shall attend the meeting in person. If a member is unable to attend the meeting in person, such member shall, by submitting a letter of proxy with signature, authorize another member of the Committee to attend and express opinion at the meeting on his/her behalf. Such letter of proxy shall expressly state the scope and term of the authorization. No member shall accept any such authorization from two or more other members concurrently.

The member attending meeting on behalf of another member shall exercise the rights within the scope of authorization. If a member does not attend a meeting in person or authorize another member to exercise his/her rights on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting, he/she shall be deemed to have waived his/her rights.

A member who is unable to attend a meeting in person may also exercise his/her rights by submitting in writing his/her opinion with respect to any matter on the meeting agenda, provided that such written opinion shall be submitted to the executive body of the Committee no later than the meeting.

**Article 23** If any member does not attend a meeting in person or authorize another member to attend such meeting on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting on two consecutive occasions, or if such member fails to attend in person three-quarters of all meetings of the Committee held during any year, such member shall be deemed incapable of performing the responsibilities of the Committee, and the Board may change the member of the Committee in accordance with these Terms.

**Article 24** A meeting shall be presided over by the chairperson of the Committee, who may appoint another member to do so on his/her behalf when he/she is unable to attend the meeting.

## **Chapter V Discussion Procedures**

**Article 25** Each Committee member shall have one vote. Matters or resolutions considered in the meeting require affirmative votes by members representing more than half of the votes. Where no valid resolution is made due to abstention of members, related issues shall be considered by the Board directly.

**Article 26** In general, the Committee shall physically meet on site to hold a meeting. Voting shall be made by show of hands or poll. Under special circumstances, on the premise that the members of the Committee are able to sufficiently express their opinion, with the consent of the chairperson of the Committee, meetings may be held by means of remote communication. Where a meeting is conducted by means of remote communication, the Committee members shall submit to the Board their written opinion with respect to the matters to be discussed within the period prescribed by the notice of the meeting.

- Article 27** Items on the agenda shall be discussed during the meeting of the Committee. The members of the Committee shall explicitly, independently and fully express their opinion based on their judgment. In the case of disagreement, such disagreement shall be stated in the meeting summary to be presented to the Board.
- Article 28** The Committee may invite directors, senior management members and relevant experts of the Company, external experts, scholars, intermediary agencies and other relevant personnel to attend the meeting. Such personnel invited to attend the meeting shall give explanation and elaboration on issues as requested by Committee members.
- Article 29** The Committee may, being approved by the Board, engage external professionals or institutions to provide professional advice when necessary, and all reasonable expenses incurred shall be borne by the Company.
- Article 30** If a member of the Committee is interested in any matter being considered by the Committee, such member shall abstain from the discussion and decision of such matter.
- Article 31** All personnel attending the meeting shall have the obligation to keep all matters discussed at the meeting confidential and shall not disclose any information relating thereto without authorization.

#### **Chapter VI Minutes and Summary of the Meetings of the Committee**

- Article 32** Minutes shall be prepared for the meetings of the Committee. The minutes shall be prepared by the executive body of the Committee, which shall include the following information:
- 32.1 Serial number, form, date, venue, and name of the chairperson, of the meeting;
  - 32.2 The attendance and absence of members personally or by proxy;
  - 32.3 Name and title of each attendee;
  - 32.4 Matters considered at the meeting;
  - 32.5 Main points made by the Committee members or other relevant attendees;
  - 32.6 The voting method and results of each matter or resolution considered (the voting results should include the number of votes in favor, against or abstained);
  - 32.7 Name of the person taking minutes.



Members present at the meeting shall have the right to request to keep a descriptive record of their speech, including any doubts raised or objections expressed. After the meeting, the executive body of the Committee shall circulate the draft of the meeting minutes to all members for their comments within a reasonable time.

Members present at the meeting shall sign the final draft of the meeting minutes.

**Article 33** After each meeting of the Committee, the executive body of the Committee shall prepare a meeting summary recording the considerations and discussions during the meeting.

Copies of the meeting summary shall be submitted to the Board and sent to the members of the Committee, the Board secretary, the human resources department of the Company and other relevant departments and personnel.

**Article 34** Meeting minutes, meeting summary, letters of proxy, written opinions of the members of the Committee and other materials of the meeting shall be kept by the office of the Board in accordance with relevant requirements for no less than ten years during the Company's existence.

## **Chapter VII      Supplementary Provisions**

**Article 35** Unless otherwise stated, terms used in these Terms shall have the same meanings ascribed to them in the Articles.

**Article 36** For any matter not covered in these Terms, or in the event of any contradiction with any provisions of the laws, administrative regulations, regulatory documents or the Articles as amended under lawful procedures promulgated after these Terms become effective, the provisions of such laws, administrative regulations, regulatory documents and the Articles shall prevail. Amendments to these Terms shall be made forthwith and submitted to Board for consideration and approval.

**Article 37** These terms shall become effective and be implemented from the date on which these Terms are approved by the Board.

**Article 38** The right of interpretation and amendment of these Terms rests with the Board of the Company.