DELTON

Delton Technology (Guangzhou) Inc.
廣州廣合科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Terms of Reference of the Remuneration and Appraisal Committee of the Board of Directors (Draft) (Applicable after the Listing of H Shares)

CHAPTER 1 GENERAL

Article 1 In order to further establish and improve the assessment and remuneration management system for the directors and senior management members of Delton Technology (Guangzhou) Inc. (the "**Company**"), these Terms of Reference are formulated in accordance with the relevant provisions of the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Administrative Measures for Independent Directors of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**HKEX Listing Rules**"), and other applicable laws, regulations, and normative documents, as well as the Articles of Association of Delton Technology (Guangzhou) Inc. (the "**Articles of Association**").

Article 2 The Remuneration and Appraisal Committee is a special working body set up by the Board, which is mainly responsible for formulating and reviewing the remuneration policies and plans for directors and senior management of the Company, as well as establishing the evaluation criteria for directors and senior management of the Company and conducting their evaluations.

Article 3 The directors mentioned in these Terms of Reference refer to the directors who receive remuneration from the Company; senior management officers refer to the general manager, deputy general manager, chief financial officer, secretary to the Board and other senior management officers as appointed by the Board.

The term "independent director" as used in these Terms of Reference includes "independent non-executive directors" as determined under the HKEX Listing Rules.

CHAPTER 2 COMPOSITION

Article 4 The Remuneration and Appraisal Committee shall comprise three or more directors, including more than half independent directors.

Article 5 Members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the Board, or above one-half of the independent directors or above one-third of all directors, and shall be elected by the Board.

Article 6 The Remuneration and Appraisal Committee shall have one chairperson (convener), who shall be an independent director and is responsible for convening and presiding over the Committee's work. The chairperson shall be elected by more than half of the members and reported to the Board for record.

Article 7 Members of the Remuneration and Appraisal Committee shall have the tenure same as that of the Board. The members are eligible for re-election upon expiry of the tenure. During the tenure, if a member no longer takes up the duties of the director of the Company, his status as a member shall be disqualified automatically, and the Committee shall fill up the required number of members as stipulated in Articles 5 and 6 of the Terms of Reference.

Article 8 The specific work of the Remuneration and Appraisal Committee shall be handled by the Company's Human Resources Center, which is responsible for providing the Committee with the Company's operation-related materials and the relevant materials of the evaluated personnel. The Board Office is responsible for coordinating the relevant affairs of the committee meetings.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 9 The Remuneration and Appraisal Committee is responsible for formulating the appraisal standards for directors and senior management, conducting appraisals, and formulating and reviewing the remuneration policies and plans for directors and senior management. Its main authorities and responsibilities are as follows:

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

1. the remuneration policies and proposals for directors and senior management; such policies and proposals shall be formulated based on the principal scope of duties, responsibilities and importance of the management positions held by the directors and senior management, as well as the remuneration levels of comparable positions in other relevant enterprises. Such remuneration plans or

proposals shall include, but are not limited to, performance evaluation criteria, procedures and the principal evaluation system, as well as the principal incentive and disciplinary mechanisms and systems;

2. the assessment standards for directors and senior management, conducting evaluations of their performance in discharging their duties and making recommendations accordingly;

3. the supervision of the implementation of the Company's remuneration systems;

4. the formulation or modification of share incentive scheme, employee share ownership scheme, and matters regarding the grant of rights and interests to incentive objects, as well as the fulfillment of conditions for exercising rights;

5. arrangements for directors and senior management regarding shareholding plans in subsidiaries proposed for spin-off and listing; and

6. other matters as required by laws, administrative regulations, the securities regulatory authorities of the place where the Company's shares are listed, and these Articles of Association.

(II) Reviewing and approving management's remuneration proposals in line with the corporate policies and objectives set by the Board;

(III) Undertaking the responsibility delegated by the Board to determine the remuneration packages of individual executive directors and senior management, or making recommendations to the Board on the remuneration packages of individual executive directors and senior management, including non-pecuniary benefits, pension rights, and compensation amounts (including compensation for loss or termination of office or appointment);

(IV) Making recommendations to the Board on the remuneration of non-executive directors;

(V) Considering the salaries paid by comparable companies, the time commitment and responsibilities required, and the employment conditions for other positions within the Group;

(VI) Reviewing and approving compensation payable to executive directors and senior management for loss or termination of their office or appointment, ensuring such compensation aligns with contractual terms; if not aligned with contractual terms, ensuring the compensation is fair, reasonable, and not excessive;

(VII) Reviewing and approving compensation arrangements related to the dismissal or removal of directors due to misconduct, ensuring such arrangements align with contractual terms; if not aligned with contractual terms, ensuring the compensation is reasonable and appropriate;

(VIII) Ensuring that no director or any of their associates (as defined in the Hong Kong Listing Rules) participates in determining their own remuneration; and

(IX) Reviewing and/or approving matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules.

If the Board does not adopt or fully adopts the recommendations of the Remuneration and Appraisal Committee, the Board's resolution shall record the Remuneration and Appraisal Committee's opinions and the specific reasons for not adopting them, and disclosure shall be made in accordance with the securities regulatory rules of the place where the Company's shares are listed (if required).

Article 10 The Remuneration and Appraisal Committee is accountable to the Board and reports its work to the Board.

Article 11 The remuneration plan for the Company's directors proposed by the Remuneration and Appraisal Committee must be submitted to the Board for approval and then submitted to the Shareholders' Meeting for review and approval before implementation. The remuneration distribution plan for the Company's senior management must be submitted to the Board for approval before implementation.

CHAPTER 4 PROCEDURES OF DECISION-MAKING

Article 12 The human resources center of the Company shall be responsible for coordinating relevant departments and provide the remuneration and appraisal committee with necessary materials required for the performance of its duties and authority:

(I) information on the fulfillment of key financial indicators and business objectives of the Company;

(II) information on the scope of work and the major responsibilities of senior management of the Company;

(III) information on the fulfillment of indicators in the performance appraisal system for directors and senior management;

(IV) information on the operational performance of directors and senior management in terms of the capability in business innovation; and

(V) basis for relevant measurement adopted in the formulation of remuneration distribution plans and distribution methods of the Company according to the performance of the Company.

Article 13 The appraisal procedures of the remuneration and appraisal committee for directors and senior management are as follows:

(I) directors and senior management of the Company shall report job duties to the remuneration and appraisal committee of the Board and conduct self-assessment;

(II) the remuneration and appraisal committee shall conduct performance appraisal on directors and senior management in accordance with the performance appraisal standards and procedures; and

(III) the amount of remuneration and method of reward for directors and senior management shall be proposed according to the job performance appraisal results and remuneration distribution policy and reported to the Board after being approved by voting.

CHAPTER 5 RULES OF PROCEDURE

Article 14 Notice of a meeting of the Remuneration and Appraisal Committee shall be given to all members at least three days in advance (by written notice, email, fax, telephone, or other means). The meeting shall be presided over by the chairperson. If the chairperson is unable to attend, he or she may designate another member (an independent director) to preside over the meeting. In special or urgent circumstances, the above notice period may be waived.

Article 15 A meeting of the Remuneration and Appraisal Committee may be held only if more than two-thirds of the members are present. Each member shall have one vote. Resolutions adopted at the meeting must be approved by more than half of all members.

Article 16 Voting at meetings of the Remuneration and Appraisal Committee shall be conducted by a show of hands or by poll. Extraordinary meetings may be held by means of written or electronic communication for voting purposes.

Article 17 When necessary, the Remuneration and Appraisal Committee may invite other directors, senior management personnel, and the Company's professional consultants and legal advisers to attend the meeting. The head of the Company's Human Resources Center may attend meetings of the Remuneration and Appraisal Committee on matters that do not require non-board members to abstain.

Article 18 Where necessary, the Remuneration and Appraisal Committee may engage intermediary agencies to provide professional opinions for its decision-making, and the related expenses shall be borne by the Company.

Article 19 Where matters concerning a member of the Committee are discussed at a meeting of the Remuneration and Appraisal Committee, the member concerned shall abstain.

Article 20 When convening meetings, the Remuneration and Appraisal Committee may require relevant directors and senior management personnel to report on their duties or respond to inquiries at the meeting. Such personnel shall not refuse.

Article 21 The procedures for convening meetings of the Remuneration and Appraisal Committee, the methods of voting, and the remuneration policies and distribution plans adopted at such meetings shall comply with applicable laws and regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, and these Rules.

Article 22 Matters that are required to be decided or reviewed by the Remuneration and Appraisal Committee shall, whether or not approved at the meeting, be submitted to the Board for deliberation. Members holding dissenting opinions shall have the right to present their views at the meeting of Board.

Article 23 Minutes shall be kept for meetings of the Remuneration and Appraisal Committee, containing sufficiently detailed records of matters considered and decisions reached at the meeting, including any concerns raised or dissenting opinions expressed by members. Draft and final versions of the meeting minutes shall be sent to all members of the Committee within seven days after the meeting. The draft shall be provided for members' comments, and the final version shall serve as the official record. Members attending the meeting shall sign the minutes. The minutes shall be kept by the secretary to the Board of the Company for a period of not less than ten years. The minutes shall be available for inspection by any director at any reasonable time upon reasonable notice.

Article 24 Resolutions adopted at meetings of the Remuneration and Appraisal Committee shall, after the conclusion of the meeting, be submitted to the Board in written form.

Article 25 Members attending the meeting and other attendees shall have a duty of confidentiality with respect to the matters discussed at the meeting. Without authorization from the chairman of the Board or the Board, they shall not disclose relevant information without permission; otherwise, they shall bear corresponding legal liabilities.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 26 Matters not covered in these Terms of Reference shall be implemented in accordance with applicable national laws and regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association. In the event of any conflict between these Terms of Reference and the national laws and regulations subsequently introduced, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association as amended through lawful procedures, such laws, regulations, securities regulatory rules of the place where the Company's shares are listed, and Articles of Association shall prevail, and these Terms of Reference shall be revised immediately and submitted to the Board for consideration and approval.

Article 27 These Terms of Reference, upon consideration and approval by the Board of the Company, shall take effect and be implemented from the date of listing of overseas listed shares (H shares) issued by the Company on The Stock Exchange of Hong Kong Limited. Upon the implementation of these Terms of Reference, the Company's original Terms of Reference of the Remuneration and Appraisal Committee of the Board o shall automatically become invalid.

Article 28 These Terms of Reference shall be interpreted and amended by the Board of the Company.

Delton Technology (Guangzhou) Inc.
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