Shenzhen HQVT Technology Co., Ltd.
深圳海清智元科技股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 1392)

TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE

Chapter I General Provisions

Article 1 To further establish and improve the remuneration and appraisal management system for the Directors, the General Manager and other senior management of Shenzhen HQVT Technology Co., Ltd. (hereinafter referred to as the "**Company**"), and to enhance the Company's corporate governance structure, these terms of reference are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "**Company Law**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Hong Kong Listing Rules**"), other laws, regulations and normative documents, the business rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Stock Exchange**"), and the relevant provisions of the Articles of Association of Shenzhen HQVT Technology Co., Ltd. (hereinafter referred to as the "**Articles of Association**"), and with reference to the actual circumstances of the Company.

Article 2 The Remuneration and Appraisal Committee and its members shall strictly comply with the provisions of laws, regulations, normative documents, the Hong Kong Listing Rules, the Articles of Association, and these terms of reference.

Chapter II Composition of the Remuneration and Appraisal Committee

Article 3 The Remuneration and Appraisal Committee is accountable to the board of directors. All of its members shall be directors, and the majority of whom shall be independent non-executive directors.

Article 4 The Remuneration and Appraisal Committee shall have one chairman, who shall be the convener of the Remuneration and Appraisal Committee and shall be an independent non-executive director.

Article 5 The term of office of the members of the Remuneration and Appraisal Committee shall be consistent with that of the directors. Upon the expiration of their term, members may serve consecutive terms if re-elected. If any member ceases to serve as a director of the Company during the term, he/she shall cease to be a committee member automatically, and the vacancy in the committee shall be filled by the board of directors in accordance with these terms of reference.

Chapter III Duties of the Remuneration and Appraisal Committee

Article 6 The primary duties of the Remuneration and Appraisal Committee are as follows:

(I) to make recommendations to the board of directors on the overall remuneration policy and structure for the Company's Directors and senior management, and on the establishment of formal and transparent procedures for developing such remuneration policy;

(II) to review and approve the management's remuneration proposals with reference to the corporate direction and objectives as determined by the board of directors;

(III) where delegated by the board of directors, to determine the remuneration packages of individual executive Directors and senior management, or to make recommendations to the board of directors on the remuneration packages of individual executive Directors and senior management. Such packages shall include non-monetary benefits, pension rights, and compensation amounts (including compensation for loss or termination of office or appointment).

(IV) to make recommendations to the board of directors on the remuneration of non-executive Directors (including independent non-executive Directors), advisers of the board of directors (if any), and members of each sub-committee of the board of directors;

(V) to consider the remuneration paid by comparable companies, the time commitment and responsibilities required, and the employment conditions elsewhere within the Group;

(VI) to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment, to ensure that such compensation is consistent with the contractual terms; if not consistent with the contractual terms, that the compensation is fair and reasonable and not excessive;

(VII) to review and approve the compensation arrangements relating to the dismissal or removal of a Director for misconduct, to ensure that such arrangements are consistent with the contractual terms; if not consistent with the contractual terms, that the compensation is reasonable and appropriate;

(VIII) to ensure that no Director nor any of his/her associates (as defined under the Hong Kong Listing Rules) participates in determining his/her own remuneration;

(IX) to review and/or approve matters relating to share schemes as set out in Chapter 17 of the Hong Kong Listing Rules;

(X) to formulate remuneration plans or proposals based on the principal scope, responsibilities and importance of the management positions of the Directors and senior management, as well as the remuneration levels of relevant positions in society;

(XI) the remuneration plans mainly include, but are not limited to: performance evaluation criteria, procedures and the main evaluation system, and the main reward and punishment schemes and systems;

(XII) to review the performance of the Company's independent non-executive Directors and senior management in fulfilling their duties and to conduct annual performance appraisals in respect thereof;

(XIII) to be responsible for supervising the implementation of the Company's remuneration system;

(XIV) to perform other matters as required by laws, regulations, normative documents, the Articles of Association, these terms of reference, the requirements of the securities regulatory authorities of the place where the Company's shares are listed, and as authorised by the board of directors.

Article 7 The Remuneration and Appraisal Committee shall give its views on directors' service contracts that require shareholder approval, inform shareholders as to whether the terms are fair and reasonable, provide opinions as to whether such contracts are in the interests of the Company and its shareholders as a whole, and give advice on how shareholders (other than shareholders who are directors and have a material interest in such service contracts, and their associates) should vote. The directors' service agreements referred to above that require shareholder approval include agreements with a term exceeding three years, agreements which stipulate that if the Company wishes to terminate the agreement it must give more than one year's notice or pay compensation or other sums equivalent to more than one year's remuneration, or agreements as required by the securities regulatory authorities of the place where the Company's shares are listed. If an independent non-executive director has a material interest in any such contract, that director shall not serve as a member of the independent non-executive director committee.

Article 8 If necessary, the Remuneration and Appraisal Committee may engage intermediary institutions to provide professional advice for its decision-making, and the reasonable expenses incurred thereby shall be borne by the Company.

Article 9 The Remuneration and Appraisal Committee is accountable to the board of directors. For any proposal that falls within the scope of duties of the Remuneration and Appraisal Committee, such proposal shall first be considered and approved by the Remuneration and Appraisal Committee, and a relevant work report shall be prepared, before being submitted by the Remuneration and Appraisal Committee to the board of directors for deliberation.

Article 10 The chairman of the Remuneration and Appraisal Committee shall primarily perform the following duties:

(I) to convene and preside over regular meetings of the Remuneration and Appraisal Committee;

(II) to convene extraordinary meetings of the Remuneration and Appraisal Committee under special circumstances;

(III) to supervise and inspect the implementation of resolutions of the Remuneration and Appraisal Committee;

(IV) to attend the Company's annual general meeting and be prepared to answer any questions from shareholders regarding the matters of the Remuneration Committee. If the chairman of the Remuneration and Appraisal Committee is unable to attend the Company's annual general meeting, the chairman must arrange for another member of the Remuneration and Appraisal Committee (who must be an independent non-executive director) to attend the meeting. The member so arranged by the chairman of the Remuneration and Appraisal Committee shall be prepared to answer questions from shareholders concerning the work of the Remuneration and Appraisal Committee at the annual general meeting;

(V) other duties assigned by the board of directors and the Remuneration and Appraisal Committee.

Article 11 The Remuneration and Appraisal Committee may make recommendations to the board of directors on the following matters:

(I) the remuneration of Directors and senior management;

(II) the formulation or amendment of equity incentive schemes and employee stock ownership plans, and the granting of rights to incentive recipients and the achievement of conditions for the exercise of such rights;

(III) the arrangement of stock ownership plans for Directors and senior management in the event of a proposed spin-off of a subsidiary;

(IV) other matters stipulated by laws, administrative regulations, the provisions of the CSRC, the provisions of the SFC, the Hong Kong Listing Rules, and the Articles of Association.

If the board of directors does not adopt or does not fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinion of the Remuneration and Appraisal Committee and the specific reasons for not adopting such recommendations in the resolution of the board of directors, and shall disclose the same.

Article 12 Subject to the Corporate Governance Code as set out in the Hong Kong Listing Rules (hereinafter referred to as the "**Corporate Governance Code**"), the Remuneration and Appraisal Committee shall, in respect of determining the remuneration of executive Directors, non-executive Directors and senior management, exercise such other powers, authorities and discretions as the board of directors may delegate to the committee from time to time, and perform such other duties.

Article 13 If the chairman of the Remuneration and Appraisal Committee is unable to perform his/her duties due to any reason, he/she shall entrust another member to act on his/her behalf.

Article 14 When performing its duties under these terms of reference, the Remuneration and Appraisal Committee shall:

(I) encourage senior management to establish a remuneration culture that aligns with the Group's overall strategy and supports the realisation of the Group's vision, mission and values, and to provide competitive remuneration packages in accordance with market practice to attract, retain and motivate high-calibre executive Directors of the Company;

(II) consult with the chairman and/or the general manager on remuneration proposals for other executive Directors and senior management. If necessary, the Remuneration and Appraisal Committee shall be able to seek independent professional advice;

(III) to determine the positioning of the Company's remuneration packages relative to other companies operating in the same industry as the Company, having regard to the remuneration levels paid by comparable companies in such industry, the time commitment and responsibilities required, and the employment conditions elsewhere within the Group;

(IV) to keep abreast of market practices, including salary and employment conditions both within the Company and in the industry in which the Company operates, particularly when determining annual salary increases;

(V) to ensure that a significant proportion of the total remuneration and benefits of executive Directors and senior management is performance-related, linked to the performance of the Company and the individual, in order to encourage employee performance, align the interests of employees with those of shareholders, attract and retain high-calibre talent, and also to motivate each Director and senior management to devote their highest level of service to the Company;

(VI) to ensure that no Director nor any of his/her associates (as defined under the Hong Kong Listing Rules) participates in determining his/her own remuneration;

(VII) to ensure that share options granted by the Company to its Directors or senior management (if any) comply with the provisions of Chapter 17 of the Hong Kong Listing Rules (as applicable) and that the Company's employee incentive scheme complies with applicable regulations;

(VIII) the Remuneration and Appraisal Committee shall work closely with other subsidiary committees of the board of directors and conduct appropriate communications with each of the other committees on a regular basis to ensure timely oversight of the Company's remuneration management; and

(IX) to publish these terms of reference on the Stock Exchange's website and the Company's website, thereby explaining its duties and the powers delegated to it by the board of directors.

Chapter IV Power

Article 15 The Remuneration and Appraisal Committee shall have the right to request the senior management of the Group to provide adequate administrative support for the work of the Remuneration and Appraisal Committee, and shall have independent access to the senior management of the Group.

Article 16 The senior management shall provide the Remuneration and Appraisal Committee with sufficient and appropriate information as necessary for it to perform its duties in a timely manner. The Remuneration and Appraisal Committee shall have the right to require any member of the senior management of the Group to respond as promptly and comprehensively as possible to any questions raised by any member of the Remuneration and Appraisal Committee.

Article 17 The Remuneration and Appraisal Committee may, where appropriate, make reasonable requests to seek independent professional advice for its decision-making, and the related expenses shall be borne by the Group. If it is necessary to consult the professional advice of an external adviser, such advice shall be commissioned by the chairman of the Committee and shall be submitted directly to the chairman (independent of the senior management).

Chapter V Terms of reference of the Remuneration and Appraisal Committee

Article 18 Any member of the Remuneration and Appraisal Committee shall have the right to propose the convening of a meeting. The chairman shall convene a meeting within 10 days upon receipt of such proposal and shall give notice to all members 3 days prior to the meeting. A meeting may also be convened at any time with the unanimous consent of all members.

Article 19 The meeting materials and the meeting notice for the Remuneration and Appraisal Committee shall be issued simultaneously. Before the meeting is held, members shall fully review the meeting materials.

Article 20 A meeting of the Remuneration and Appraisal Committee shall be presided over by the chairman. If the chairman is unable to preside over the meeting, he/she may entrust another independent non-executive director member to preside over the meeting, or a member may be nominated by a majority of the members present at the meeting to preside over the meeting.

Article 21 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. A resolution passed at a meeting must be approved by more than half of all the members.

Article 22 The voting method at a meeting of the Remuneration and Appraisal Committee shall be by a show of hands or by poll. A meeting may also be convened by means of communication voting.

Article 23 The secretary to the board of directors may attend a meeting of the Remuneration and Appraisal Committee. If necessary, other directors and senior management of the Company may be invited to attend the meeting.

Article 24 When the Remuneration and Appraisal Committee evaluates an individual Director and senior management or discusses his/her remuneration, the individual concerned and any of his/her associates shall abstain. If a non-executive Director or an independent non-executive director serves as a member of this Committee, his/her remuneration shall be determined by the other members of the Remuneration Committee.

Article 25 All persons attending a meeting shall have a duty of confidentiality regarding the matters discussed at the meeting and shall not disclose relevant information without authorisation.

Article 26 Meetings of the Remuneration and Appraisal Committee shall be attended by members in person. If a member is unable to attend for any reason, he/she may appoint another member to attend the meeting by written proxy. A proxy who attends the meeting and exercises voting rights on behalf of a member shall submit a power of attorney to the meeting convener prior to the commencement of the meeting. The power of attorney shall specify the name of the principal, the name of the proxy, the scope of proxy matters, voting instructions (for or against) on each agenda item of the meeting, the delegated authority and the validity period, be signed or sealed by the principal, and the proxy may only exercise rights within the delegated scope. Where the principal appoints another member to attend the meeting as his proxy, the principal shall bear sole legal liability for all decisions made by the proxy within the scope of delegated authority. A member who fails to attend a meeting of the Remuneration and Appraisal Committee and does not appoint a representative to attend shall be deemed to have waived the right to vote at that meeting.

Article 27 The convening procedures, voting methods and resolutions passed at a meeting of the Remuneration and Appraisal Committee must comply with the relevant laws and regulations, the Articles of Association, and these terms of reference.

Article 28 A meeting of the Remuneration and Appraisal Committee shall have complete meeting minutes. The meeting minutes shall record in sufficient detail the matters considered and the decisions made by the Remuneration Committee, including any concerns raised or dissenting opinions expressed by the members. The members attending the meeting and the recorder of the meeting minutes shall sign the meeting minutes. The meeting minutes shall be filed and kept by the secretary to the board of directors for a period of not less than 10 years.

Article 29 The resolutions passed at a meeting of the Remuneration and Appraisal Committee and the voting results shall be reported in writing to the board of directors of the Company.

Article 30 All meeting minutes prepared by the Remuneration and Appraisal Committee in accordance with Article 28 of these terms of reference shall be kept by the company secretary and shall be made available for inspection by any director within a reasonable time upon reasonable notice by such director.

Article 31 The Remuneration and Appraisal Committee shall report regularly to the board of directors on the matters set out in these terms of reference, including reporting on the work of the Remuneration and Appraisal Committee, reporting any material matters concerning the Company's remuneration system, and studying other topics as defined by the board of directors, unless the Remuneration and Appraisal Committee is prevented from making such report by legal or regulatory restrictions.

Chapter VI Supplementary Provisions

Article 32 The term "more than", "over" or "or more" mentioned in these terms of reference includes the original number.

Article 33 Unless otherwise specified, terms used in these terms of reference shall have the same meanings as those ascribed to them in the Company's Articles of Association (and its amendments) as applicable upon the completion of the Company's initial public offering and listing of H shares.

Article 34 Any matters not covered by these terms of reference shall be implemented in accordance with the relevant national laws, regulations, normative documents, the Articles of Association (and its amendments) as applicable upon the completion of the Company's initial public offering and listing of H shares and the rules of the securities regulatory authorities of the place where the Company's shares are listed. Where these terms of reference are inconsistent with the relevant laws, regulations, normative documents, the Articles of Association (and its amendments) as applicable upon the completion of the Company's initial public offering and listing of H shares and the rules of the securities regulatory authorities of the place where the Company's shares are listed, the relevant laws, regulations, normative documents, the Articles of Association (and its amendments) as applicable upon the completion of the Company's initial public offering and listing of H shares and the rules of the securities regulatory authorities of the place where the Company's shares are listed shall prevail. If these terms of reference contravene any laws, regulations, normative documents, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association (and its amendments) as applicable upon the completion of the Company's initial public offering and listing of H shares issued by the state in the future, such national laws, regulations, normative documents, the Articles of Association (and its amendments) as applicable upon the completion of the Company's initial public offering and listing of H shares and the securities regulatory rules of the place where the Company's shares are listed shall prevail, and these terms of reference shall be promptly amended and reported to the board of directors for consideration and approval.

Article 35 These terms of reference shall take effect from the date of approval by the board of directors. Following such approval by the board of directors, these terms of reference specifically apply to the listed Company, the Hong Kong Listing Rules or the securities regulatory rules of the place where the Company's shares are listed shall remain temporarily ineffective prior to the listing and trading of the Company's publicly issued H shares on the Main Board of the Hong Kong Stock Exchange, and shall take effect and come into force from the date on which the Company's publicly issued H shares are listed and traded on the Main Board of the Hong Kong Stock Exchange.

Article 36 The amendments to these terms of reference shall be proposed by the Remuneration and Appraisal Committee in the form of a draft amendment and submitted to the board of directors for consideration and approval.

Article 37 These terms of reference shall be interpreted by the board of directors of the Company.

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