Circuit Fabology Microelectronics Equipment Co., Ltd.

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

(Applicable after H-share issuance and listing)

August, 2025

CHAPTER I General Provisions

Article 1 To further establish and improve the appraisal and remuneration management rules for the Directors and senior management of Circuit Fabology Microelectronics Equipment Co., Ltd. (hereinafter referred to as the "Company") and to perfect its corporate governance structure, the Company has specially established the Remuneration and Appraisal Committee of the Board of Directors and formulated these Terms of Reference in accordance with The Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"), the Articles of Association of Circuit Fabology Microelectronics Equipment Co., Ltd. (hereinafter referred to as the "Articles of Association"), and other relevant laws, administrative regulations, departmental rules and other normative documents.

Article 2 The Remuneration and Appraisal Committee is a specialized working body established by the Board of Directors in accordance with the Articles of Association. It is primarily responsible for formulating and conducting appraisals based on the appraisal standards for the Company's Directors and senior management, formulating and reviewing the remuneration policies and plans for the Company's Directors and senior management, and is responsible to the Board of Directors.

Article 3 For the purpose of these Terms of Reference, "Directors" refer to Directors who receive remuneration from the Company, and "senior management" refers to the general manager, deputy general manager(s), Chief Financial Officer, Secretary to the Board and other senior management members appointed by the Board of Directors. Directors who do not receive remuneration from the Company are not within the scope of appraisal under these Terms of Reference.

CHAPTER II Composition

Article 4 The Remuneration and Appraisal Committee shall be composed of at least three directors, a majority of whom shall be independent non-executive directors, and the chairman shall be an independent non-executive director.

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

Article 6 The Remuneration and Appraisal Committee shall have one Chairman, who shall be an independent director member, and whose appointment shall be approved by the Board of Directors. The Chairman shall act as the convener and be responsible for presiding over the work of the Committee.

Article 7 The term of office of members of the Remuneration and Appraisal Committee shall be consistent with that of directors. Upon expiry of their term, members are eligible for re-election. During their term, should a member cease to be a director of the Company, or should a member who is an independent director no longer meet the independence requirements as stipulated in the Articles of Association, they shall automatically lose their membership status, and the Board of Directors shall fill the vacancy in accordance with Articles 4 to 6 above.

Article 8 A member of the Remuneration and Appraisal Committee may resign before the expiry of his/her term. The member shall submit a written resignation report to the Board of Directors. The resignation will become effective only after being approved by the Board of Directors. Before the newly elected member assumes office, the original member shall continue to perform his/her relevant duties in accordance with these terms of reference.

Article 9 The Remuneration and Appraisal Committee shall set up a working group, which is specially responsible for providing information on the Company's operations and the personnel being appraised, preparing for meetings of the Remuneration and Appraisal Committee, and implementing relevant resolutions of the Remuneration and Appraisal Committee. Members of the working group are not required to be members of the Remuneration and Appraisal Committee.

CHAPTER III Duties and Powers

Article 10 The Remuneration and Appraisal Committee is responsible for formulating appraisal standards for directors and senior management and conducting appraisals, formulating and reviewing the remuneration policies and plans for directors and senior management, and making recommendations to the Board of Directors on the following matters:

(i) The remuneration of executive directors and senior management (which should include non-monetary benefits, pension rights, and compensation (including compensation for loss or termination of office or appointment)) and the remuneration of non-executive directors;

(ii) formulating or changing equity incentive plans (including share schemes under Chapter 17 of the Hong Kong Listing Rules), employee stock ownership plans, and the fulfillment of conditions for the granting and exercise of rights and interests by incentive recipients;

(iii) directors and senior management arranging shareholding plans in subsidiaries proposed to be spun off;

(iv) Other matters stipulated by laws and regulations, the securities regulatory rules of the place where the Company's shares are listed 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 opinions of the Remuneration and Appraisal Committee and the specific reasons for not adopting them in the resolutions of the Board of Directors and make a disclosure.

Article 11 The Remuneration and Appraisal Committee is responsible to the Board of Directors. Proposals of the Remuneration and Appraisal Committee shall be submitted to the Board of Directors for deliberation and decision.

The Remuneration and Appraisal Committee shall provide all research discussions, materials, and information to the Board of Directors in the form of reports, recommendations, or summaries for the Board's consideration and decision-making.

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 opinions of the Remuneration and Appraisal Committee and the specific reasons for not adopting them in the resolutions of the Board of Directors and make a disclosure.

Article 12 The remuneration plan for the Company's directors proposed by the Remuneration and Appraisal Committee must be approved by the Board of Directors and then submitted to the general meeting for approval before it can be implemented. The remuneration distribution plan for the Company's senior management must be reported to the Board of Directors for approval before implementation. The Board of Directors has the right to veto any remuneration plan or scheme that harms the interests of shareholders.

CHAPTER IV Working Procedures

Article 13 The working group under the Remuneration and Appraisal Committee is responsible for preliminary preparations for the Committee's decision-making and for providing the following information about the Company:

(i) Completion of the Company's main financial indicators and business objectives;

(ii) The scope of work and main responsibilities of the Company's senior management;

(iii) The completion of indicators in the job performance appraisal system for Directors and senior management;

(iv) The operating performance of Directors and senior management in terms of business innovation and profit-making capabilities;

(v) The calculation basis for formulating the Company's remuneration distribution plan and methods based on its performance.

Article 14 The appraisal procedures of the Remuneration and Appraisal Committee for Directors and senior management are as follows:

(i) The Company's Directors and senior management shall report on their work and make self-evaluations to the Remuneration and Appraisal Committee of the Board of Directors;

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

(iii) Propose the remuneration amount and reward methods for Directors and senior management based on the job performance evaluation results and remuneration distribution policy, and report to the Company's Board of Directors after approval by vote.

Article 15 If necessary, the Remuneration and Appraisal Committee may engage intermediary institutions to provide professional advice for its decision-making, and the expenses thus incurred shall be borne by the Company.

CHAPTER V Rules of Procedure

Article 16 The Remuneration and Appraisal Committee shall hold a meeting at least once a year, and shall notify all members three days before the meeting is held. The notice period may be waived with the unanimous consent of all members. However, in case of an emergency, an extraordinary meeting may be convened at any time after confirming that all persons who should attend the meeting have received the notice of the meeting. The meeting shall be convened and presided over by the Chairman. If the Chairman is unable to attend, he/she may delegate another member (an independent director) to convene and preside over the meeting.

Article 17 A meeting of the Remuneration and Appraisal Committee may be held only when more than two-thirds of the members are present (including members who have appointed another member in writing as a proxy); Each Committee member shall have one vote. Resolutions made at the meeting must be passed by more than half of all members.

Article 18 The voting method for Remuneration and Appraisal Committee meetings shall be by registered ballot; Extraordinary meetings may be held by way of voting by correspondence.

Article 19 Members of the working group may attend meetings of the Remuneration and Appraisal Committee as observers, and if necessary, the Company's directors, supervisors and senior management may be invited to attend the meetings as observers.

Article 20 When a meeting of the Remuneration and Appraisal Committee discusses matters concerning a member of the committee, the interested party shall abstain.

Article 21 The procedures for convening meetings of the Remuneration and Appraisal Committee, voting methods, and remuneration policies and distribution plans adopted at such meetings must comply with the provisions of relevant laws, administrative regulations, other normative documents, the Articles of Association, and these Terms of Reference.

Article 22 Minutes shall be taken for meetings of the Remuneration and Appraisal Committee, and the Committee members attending the meeting shall sign the minutes; The minutes shall be kept by the Company Secretary. The draft and final versions of the minutes shall be sent to all members of the Committee within a reasonable time after the meeting, the draft being for members' comment and the final version being the record thereof. Directors of the Company shall have the right to inspect the minutes at any reasonable time upon reasonable notice.

Article 23 Proposals and voting results adopted at the meetings of the Remuneration and Appraisal Committee shall be reported to the Company's Board of Directors in writing.

Article 24 All members attending the meeting and non-voting attendees shall have a duty of confidentiality regarding the matters discussed at the meeting and shall not disclose any related information without authorization.

CHAPTER VI Supplementary Provisions

Article 25 Unless otherwise specified, terms used in these Terms of Reference shall have the same meanings as defined in the Articles of Association.

Article 26 Matters not covered by these Terms of Reference shall be handled in accordance with the provisions of relevant national laws, administrative regulations, other normative documents and the Articles of Association; Should these Terms of Reference conflict with any subsequently promulgated national laws, administrative regulations, other normative documents, the securities regulatory rules of the place where the Company's shares, or the Articles of Association, the latter shall prevail, and these Terms of Reference shall be amended in a timely manner and submitted to the Board of Directors for review and approval.

Article 27 In these Terms of Reference, the terms "above" and "below" are inclusive of the stated number; the terms "less than" and "more than" are exclusive of the stated number.

Article 28 The Board of Directors shall be responsible for the formulation, amendment and interpretation of these Terms of Reference.

Article 29 These Terms of Reference shall be approved by the Board of Directors and shall take effect and be implemented from the date on which the H shares issued by the Company are listed on The Stock Exchange of Hong Kong Limited. Upon the implementation of these Terms of Reference, the existing Terms of Reference of the Remuneration and Appraisal Committee of the Company shall automatically lapse.

Circuit Fabology Microelectronics Equipment Co., Ltd.

August, 2025