

Hangzhou Qiandaohu Xunlong Sci-Tech Co., Ltd.

Terms of Reference of The Remuneration and Evaluation Committee of The Board of Directors

(Applicable after the Issuance and Listing of H Shares)

Chapter 1 General Provisions

Article 1 In order to further establish and improve the detailed rules for the appraisal and remuneration management of the directors (non-independent non-executive) and senior management members of the Company, and to refine the corporate governance structure, the Company has set up a Remuneration and Evaluation Committee of the Board of Directors (the “**Remuneration and Evaluation Committee**”) and formulated these Terms of Reference in accordance with the *Company Law of the People’s Republic of China*, the *Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “**Hong Kong Listing Rules**”), the *Corporate Governance Code* in Appendix C1 of the *Hong Kong Listing Rules* (the “**Corporate Governance Code**”), the regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company’s shares are listed, including The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the *Articles of Association of Hangzhou Qiandaohu Xunlong Sci-Tech Co., Ltd.* (the “**Articles of Association**”), and other relevant provisions.

Article 2 The Remuneration and Evaluation Committee is a special committee established under the Board of Directors. Its main responsibilities are to formulate standards for evaluating directors and senior management members of the Company and conduct evaluations; and to formulate and review the policies for and proposals on the remuneration of directors and senior management members of the Company. The committee shall be accountable to the Board.

Article 3 Directors mentioned in these Terms of Reference refer to the chairperson of the Board of Directors and directors who receive remuneration from the Company; and senior management members refer to the general manager, the deputy general manager, chief financial officer, and the secretary to the Board of Directors employed by the Board of Directors and other members of the senior management proposed by the general manager to the Board of Directors for approval.

Chapter 2 Composition

Article 4 The Remuneration and Evaluation Committee shall comprise three directors, the majority of whom shall be independent non-executive directors.

Article 5 The members of the Remuneration and Evaluation Committee shall be nominated by the chairperson of the Board, more than one-half of the independent non-executive directors, or one-third of all directors, and shall be elected by a majority vote of the Board of Directors.

Article 6 The Remuneration and Evaluation Committee shall have a chairperson who shall be an independent non-executive director and be responsible for chairing the work of the Committee; The chairperson of the Committee shall be elected from among the members, subject to the approval of the Board of Directors. The chairperson of the Remuneration and Evaluation Committee shall be responsible for convening and presiding over meetings of the Remuneration and Evaluation Committee.

Article 7 The term of office of the Remuneration and Evaluation Committee shall be the same as that of the Board of Directors. A member may serve consecutive terms if re-elected upon expiry of his/her term. If any member resigns from the position of director of the Company during his/her term of office, he/she shall automatically lose his/her position as committee member, and the vacancy shall be filled by the Committee in accordance with the provisions of Articles 4 to 6 above. The term of office of the replacement member shall end at the expiration of his/her term of office as a director or an independent non-executive director.

Chapter 3 Duties and Authorities

Article 8 The main duties and authorities of the Remuneration and Evaluation Committee include:

- (1) to study the criteria for the assessment of executive directors and senior management members, to conduct assessments and make recommendations, and to evaluate the performance of executive directors;
- (2) to study and review the remuneration policies and schemes for directors and senior management members, and to make recommendations to the Board on the Company's policy and structure for the remunerations of the issuer's directors and senior management members and on the establishment of a formal and transparent procedure for developing remuneration policies;
- (3) to review and approve the management's proposal on remuneration based on the corporate goals and objectives set by the Board of Directors;
- (4) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management members (or, if delegated the responsibility by the Board, to determine such packages), including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (5) to make recommendations to the Board on the remuneration of non-executive Directors;
- (6) to consider salaries paid by peer companies, time commitment and responsibilities and the employment conditions of other positions within the Group;
- (7) to review and approve compensation payable related to executive directors and members of senior management for his/her loss or termination of office or appointment to ensure that the compensation shall be consistent with contractual terms or, in case the compensation is not consistent with contractual terms, is fair and reasonable and not excessive;

- (8) to review and approve the compensation arrangements in connection with any dismissal or removal for misconduct to directors, to ensure the arrangements shall be consistent with contractual terms or, in case the compensation is not consistent with contractual terms, is fair and reasonable;
- (9) to ensure that no director or any of his/her associate is involved in deciding his/her own remuneration and in the case of a director who is also a member of the Remuneration and Evaluation Committee, his/her remuneration shall be determined by the other members of the Remuneration and Evaluation Committee;
- (10) to review and/or approve matters relating to share schemes under Chapter 17 of the *Hong Kong Listing Rules*; and
- (11) other matters as prescribed by laws, regulations, rules, normative documents, the laws and regulations of the place where the Company's shares are listed, *the Hong Kong Listing Rules*, and *the Articles of Association*, as well as those authorized by the Board.

Article 9 The Board of Directors shall have the power to veto remuneration plans or proposals which are contrary to the interests of the shareholders.

Article 10 The remuneration plans for the directors of the Company proposed by the Remuneration and Evaluation Committee shall be approved by the Board of Directors and submitted to a shareholders' meeting for approval before implementation. The remuneration plans for the members of senior management of the Company shall be submitted to the Board of Directors for approval.

Article 11 The Secretary to the Board of Directors shall be responsible for the day-to-day liaison, organisation of meetings and other work of the Committee.

Article 12 The Committee shall make available its Terms of Reference on the Stock Exchange's website and the Company's website, explaining its role and the authority delegated to it by the Board.

Article 13 When the Company discloses its annual report, it shall also disclose in the *Corporate Governance Report*, prepared in accordance with the *Hong Kong Listing Rules*, the following information: the role, functions and composition of the Committee; the number of meetings held during the year and the attendance list; the policy on board diversity, and the annual performance of the Committee's duties.

Chapter 4 Decision-Making Procedures

Article 14 The Secretary to the Board of Directors shall be responsible for making preliminary preparations for the decision-making process of the Remuneration and Evaluation Committee, and providing relevant information of the Company:

- (1) to provide information on fulfillment by the Company of its main financial targets and business objectives;
- (2) to provide information on the division of labor among the Company's senior management members and their main duties;
- (3) to provide information on target completion in relation to the work performance evaluation system for directors and senior management members;
- (4) to provide information on the operational performance of directors and senior management members in business innovation capability and profit-making ability; and
- (5) to provide the relevant calculation basis for formulating the Company's remuneration and distribution plan and distribution method based on the Company's performance.

Article 15 The procedures for evaluating directors and senior management members adopted by the Remuneration and Evaluation Committee are as follows:

- (1) The directors and members of senior management shall report their work and make self-evaluations to the Remuneration and Evaluation Committee;
- (2) The Remuneration and Evaluation Committee shall carry out performance evaluation of the directors and senior management members according to the performance evaluation standards and procedures;
- (3) A proposal on the amount of remuneration and method of reward for the directors and senior management members based on the results of work performance evaluations and prepared according to the remuneration and distribution policies shall be made and, after a voting in its favor, shall be reported to the Board of Directors.

Chapter 5 Rules of Procedures for Meetings

Article 16 Meetings of the Remuneration and Evaluation Committee shall be convened as needed by the Company. An extraordinary meeting may be convened upon the request of the chairperson of the Board, the chairperson of the Remuneration and Evaluation Committee, or two or more (including two) members of the Committee.

Article 17 The Committee shall notify all members 3 days prior to a meeting. The meeting shall be presided over by the chairperson; if the chairperson is unable to attend, he/she may designate another member to preside. If an emergency meeting is required due to special reasons, the aforementioned

notice period shall not apply, but the chairperson shall explain the reasons at the meeting. Notices may be given in written form by personal delivery, fax, registered mail, or email. In urgent cases, notice may be given by telephone, which shall at least include the meeting's time, venue and manner of convening, as well as an explanation of the urgent circumstances necessitating the expedited convening of the meeting, and; a written notice shall be subsequently provided.

Article 18 Meetings of the Remuneration and Evaluation Committee shall be held only with the presence of more than two-thirds of its members. Each member shall be entitled to one vote. Resolutions of a meeting must be adopted by the affirmative votes of more than half of all members.

Article 19 Members of the Remuneration and Evaluation Committee may attend meetings in person or appoint other members to attend and exercise voting rights on their behalf. If a member appoints another member to attend and vote on his/her behalf, a power of attorney shall be submitted to the chairperson of the meeting. The power of attorney shall specify the scope of authorization and the matters entrusted, and shall be signed by both the appointor and the proxy. The power of attorney shall be submitted to the chairperson of the meeting no later than before the vote is taken at the meeting.

Article 20 If a member of the Remuneration and Evaluation Committee neither attends a meeting in person nor appoints another member to attend on his/her behalf, such member shall be deemed to have waived his/her voting rights at that meeting.

If a member of the Remuneration and Evaluation Committee fails to attend meetings for two consecutive times and does not appoint another member to attend on his/her behalf, such member shall be deemed to be unable to properly perform his/her duties, and the Board of Directors of the Company may remove him/her from the committee.

Article 21 Voting at meetings of Remuneration and Evaluation Committee shall be conducted by a show of hands or by poll. Extraordinary meetings may be conducted by way of voting by correspondence.

The voting intention of each member shall be expressed as "For," "Against," or "Abstain." Each attending member shall choose one of the aforementioned intentions. Where a member fails to make a selection or selects more than two intentions simultaneously, the chairperson of the meeting shall require the relevant member to make a re-selection; any refusal to select shall be deemed an abstention. Any member who leaves the venue midway without returning and fails to make a selection shall be deemed to have abstained. Any member who fails to cast a vote before the end of the voting time limit prescribed for the meeting shall be deemed to have abstained.

Article 22 The Remuneration and Evaluation Committee may, when necessary, invite the Company's directors and senior management members to attend its meetings as non-voting attendees.

Article 23 If necessary, the Remuneration and Evaluation Committee may engage external advisors to provide professional advice for its decision-making, the costs of which shall be borne by the Company.

Article 24 Where a member of the Remuneration and Evaluation Committee, or any of his/her close relatives, has an interest in a matter to be discussed at a meeting, such member shall disclose the nature and extent of the interest to the Remuneration and Evaluation Committee as soon as possible. Whether the member shall abstain from voting shall be resolved by a majority of all members of the Remuneration and Evaluation Committee (excluding the interested member).

Where a member has an interest but fails to disclose it to the Remuneration and Evaluation Committee and such interest is verified upon investigation, the vote cast by such member shall be invalid. If the invalidity of such vote affects the voting results, the relevant matter shall be re-voted. If the new voting result differs from the original result, the original resolution shall be revoked; where the original resolution has already been implemented, it shall be implemented in accordance with the new voting result.

Where a member fails to disclose an interest on two occasions, such member shall automatically lose his/her qualification as a member of the Remuneration and Evaluation Committee, and the Board of Directors shall fill the vacancy in the number of members in accordance with the *Articles of Association* and these Terms of Reference.

Where the number of members of the Remuneration and Evaluation Committee present at the meeting falls below the minimum quorum required after the members with an interest have abstained from voting, a resolution shall be passed by all members (including those with an interest) on procedural matters of such proposals, and the content of such proposals shall be submitted to the Board of Directors of the Company for deliberation.

Article 25 The minutes or resolutions of the meetings of the Remuneration and Evaluation Committee shall specify any instances where members with a conflict of interest have abstained from voting.

Article 26 The convening procedure and voting method of meetings of the Remuneration and Evaluation Committee and the remuneration policies and distribution plans passed at such meetings shall comply with the relevant laws, regulations, the *Articles of Association* and these Terms of Reference.

Article 27 Minutes shall be kept for the meetings of the Remuneration and Evaluation Committee, and the members attending the meeting shall sign the minutes; Minutes of meetings shall be kept by the Secretary to the Board of Directors of the Company for a period of 10 years.

Article 28 Resolutions passed by and voting results of meetings of the Remuneration and Evaluation Committee shall be reported to the Board of Directors of the Company in writing.

Article 29 Members present at the meetings shall have an obligation to keep all matters discussed in such meetings confidential, and shall not disclose the relevant information without authorization.

Chapter 6 Evaluation Procedures

Article 30 Members of the Remuneration and Evaluation Committee may conduct necessary investigations and inquiries into the performance of duties, work performance, and fulfilment of the obligations of loyalty and diligence by directors and senior management members. Relevant departments of the Company shall provide active cooperation and timely provide the members of the Remuneration and Evaluation Committee with the required information.

Members of the Remuneration and Evaluation Committee may raise inquiries or questions to directors and senior management members regarding issues related to the evaluation, and the relevant directors and senior management members shall provide answers or explanations in a timely manner.

Article 31 The Secretary to the Board of Directors of the Company shall be responsible for the preliminary preparation of the meetings of the Remuneration and Evaluation Committee and shall provide relevant information, including but not limited to the following:

- (1) information on fulfillment by the Company of its main financial targets and business objectives;
- (2) information on the division of labor among the Company's senior management members and their main duties;
- (3) status of completion of various indicators in the performance appraisal scheme for directors and senior management members;
- (4) information on the operational performance of directors and senior management members in business innovation capability and profit-making ability;
- (5) draft remuneration and distribution plan for the directors and senior management members of the Company based on the Company's remuneration evaluation scheme and in conjunction with the operating performance of the Company, and the relevant calculation basis and explanatory notes.

Article 32 The procedures for evaluating directors and senior management members adopted by the Remuneration and Evaluation Committee are as follows:

- (1) The directors and members of senior management shall report their work to the Remuneration and Evaluation Committee;
- (2) The Remuneration and Evaluation Committee shall carry out performance evaluation of the directors and senior management members according to the performance evaluation scheme;
- (3) The Remuneration and Evaluation Committee shall propose the remuneration amounts and the reward and punishment schemes for directors and senior management members based on the operating results of the Company and the evaluation results, and upon approval by voting, report the same to the Board of Directors of the Company.

Chapter 7 Supplementary Provisions

Article 33 Unless the context otherwise requires, the term “more than” as used in these Terms of Reference shall include the number itself, and the term “less than” shall exclude the number itself. Unless otherwise specified, the terms used in these Terms of Reference shall have the same meanings as such terms in the *Articles of Association*.

Article 34 These Terms of Reference shall come into effect upon their approval by the Board of Directors and on the date on which the Company’s issue of H-shares has been filed with the China Securities Regulatory Commission and listed for trading on the Stock Exchange.

Article 35 For matters not covered in these Terms of Reference, they shall be implemented in accordance with the provisions of the relevant laws, regulations and normative documents of the State, the laws and regulations of the place where the Company’s shares are listed, *the Hong Kong Listing Rules* and *the Articles of Association*. In the event that these Terms of Reference contradict to the laws, regulations and normative documents subsequently promulgated by the State, the laws and regulations of the place where the Company’s shares are listed, *the Hong Kong Listing Rules* or *the Articles of Association* as amended through legal procedures, they shall be implemented in accordance with the provisions of the relevant laws, regulations, normative documents of the State, the laws and regulations of the place where the Company’s shares are listed, *the Hong Kong Listing Rules* and *the Articles of Association*, and shall be amended immediately and submitted to the Board of Directors for deliberation and approval.

Article 36 These Terms of Reference shall be interpreted and amended by the Board of Directors of the Company.

Board of Directors of Hangzhou Qiandaohu Xunlong Sci-Tech Co., Ltd.

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