

**Shenzhen Longsys Electronics Co., Ltd.**  
**Terms of Reference of the Remuneration and**  
**Evaluation Committee of the Board of Directors**

**CHAPTER 1 GENERAL PROVISIONS**

**Article 1** In order to further establish a comprehensive appraisal and remuneration system for directors (excluding independent directors, as applicable hereinafter) and senior management of the Company and improve the corporate governance structure of the Company, the Company has established the Remuneration and Evaluation 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 Measures for the Administration of Independent Directors of Listed Companies, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Hong Kong Listing Rules**"), the Articles of Association of Shenzhen Longsys Electronics Co., Ltd. (hereinafter referred to as the "**Articles of Association**") and other relevant provisions.

**Article 2** The Remuneration and Evaluation Committee is a specialized working body under the Board of Directors, primarily responsible for formulating the appraisal criteria for the directors and senior management of the Company and conducting appraisals; Responsible for formulating and reviewing the remuneration policies and packages for the directors and senior management of the Company, and shall be accountable to the Board of Directors.

**Article 3** Directors as referred herein shall refer to the directors who are entitled to remuneration from the Company, while the senior management shall refer to the general manager, deputy general managers, financial controller, secretary to the Board of Directors appointed by the Board of Directors, and other senior management personnel recognized by the Board of Directors.

**CHAPTER 2 COMPOSITION**

**Article 4** The Remuneration and Evaluation Committee shall consist of three directors, of whom two shall be independent directors.

**Article 5** Members of the Remuneration and Evaluation Committee shall be nominated by the chairman of the Board of Directors, more than one-half of the independent directors or more than one-third of the directors, and shall be elected by the Board of Directors.

**Article 6** The Remuneration and Evaluation Committee shall have one chairman (convener), who shall be an independent director and responsible for convening and presiding over the work of the committee. The chairman (convener) shall be directly elected by the Board of Directors.

**Article 7** The term of office of members of the Remuneration and Evaluation Committee shall be the same as that of the Board of Directors. Upon the expiration of their term of office, the members shall be eligible for re-election. During the term of office, if a member no longer serves as a director of the Company, his/her qualification as a member shall automatically lapse from the effective date of his/her resignation as a director. The Board of Directors shall fill the vacancy with a new member in accordance with the Articles of Association and these Terms of Reference.

Any member who fails to attend committee meetings in person for two consecutive times and fails to designate another member to attend on his/her behalf shall be deemed to have failed to perform his/her duties, and the Board of Directors shall remove and replace such member.

### **CHAPTER 3 DUTIES AND POWERS**

**Article 8** The main duties and powers of the Remuneration and Evaluation Committee shall be as follows:

- (1) to formulate the overall remuneration policy and structure for all directors and senior management based on the main scope, responsibilities, significance of the positions of directors and senior management as well as the remuneration levels of corresponding positions in other comparable enterprises of the same category, and to make recommendations to the Board of Directors on the establishment of a formal and transparent procedure for developing remuneration policy;
- (2) to review the performance of duties by the directors and senior management of the Company and conduct annual performance appraisals; to make recommendations to the Board of Directors on the determination of the remuneration packages of individual executive directors and senior management, including non-monetary benefits, pension rights and compensation amounts (including compensation for loss or termination of office or appointment), and to make recommendations to the Board of Directors on the remuneration of non-executive directors;
- (3) to be responsible for supervising and reviewing the implementation of the Company's remuneration system, including:
  1. reviewing and approving the management's remuneration proposals with reference to the corporate policies and objectives set by the Board of Directors;
  2. considering the remuneration paid by comparable companies, the time commitment and responsibilities required, and the employment conditions of other positions within the Group;
  3. reviewing and approving compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that such compensation is consistent with contractual terms; if not consistent with contractual terms, the compensation shall also be fair and reasonable and not excessive;

4. reviewing and approving compensation arrangements relating to the dismissal or removal of directors for misconduct to ensure that such arrangements are consistent with contractual terms; if not consistent with contractual terms, the relevant compensation shall also be reasonable and appropriate;
  5. ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.
- (4) to review and/or approve matters relating to share schemes as described in Chapter 17 of the Hong Kong Listing Rules, to formulate or amend equity incentive plans and employee share ownership plans, and to determine the conditions for the grant of interests to incentive recipients and the vesting of such interests;
  - (5) other matters authorized by the Board of Directors;
  - (6) other matters prescribed by laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association.

**Article 9** The Remuneration and Evaluation Committee of the Board of Directors is responsible for formulating the appraisal standards for the directors and senior management of the Company and conducting appraisals, formulating and reviewing the remuneration determination mechanism, decision-making process, payment and clawback arrangements and other remuneration policies and schemes for directors and senior management, and making recommendations to the Board of Directors on the following matters:

- (1) the remuneration of directors and senior management;
- (2) the formulation or amendment of equity incentive plans and employee share ownership plans, and the determination of the conditions for the grant of interests to incentive recipients and the vesting of such interests;
- (3) the arrangement of share ownership schemes for directors and senior management in subsidiaries proposed to be spun off;
- (4) other matters stipulated by laws, administrative regulations, the provisions of the China Securities Regulatory Commission, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association.

Where the Board of Directors does not adopt or does not fully adopt the recommendations of the Remuneration and Evaluation Committee, the opinions of the Remuneration and Evaluation Committee and the specific reasons for not adopting such recommendations shall be recorded in the resolution of the Board of Directors and disclosed.

**Article 10** The Remuneration and Evaluation Committee is accountable to the Board of Directors. The remuneration plans for the directors of the Company proposed by the Remuneration and Evaluation Committee shall be submitted to the Board of Directors for approval and shall be implemented only after being submitted to and approved by the shareholders' meeting; the remuneration distribution schemes for the senior management of the Company shall be submitted to the Board of Directors for approval before implementation.

## **CHAPTER 4 WORKING PROCEDURES**

**Article 11** The human resources department of the Company shall be responsible for the preliminary preparation work for the decision-making of the Remuneration and Evaluation Committee and shall provide the Committee with relevant information of the Company, including:

- (1) fulfillment by the Company of its main financial indicators and business objectives;
- (2) scope of work and core responsibilities of the Company's senior management members;
- (3) relevant measurement basis for formulating the remuneration distribution plans and methods of the Company based on the Company's performance.

**Article 12** The Remuneration and Evaluation Committee shall, based on the relevant materials provided by the Company and publicly available information, conduct annual appraisals of the directors and senior management, form opinions on the amount of remuneration and the form of awards, and submit the same to the Board of Directors of the Company for consideration.

## **CHAPTER 5 RULES OF PROCEDURE**

**Article 13** Meetings of the Remuneration and Evaluation Committee are classified as regular meetings and extraordinary meetings. Regular meetings shall be held at least once in each accounting year, and notice shall be given to all members three days prior to the meeting. Where an extraordinary meeting needs to be convened due to urgent circumstances, notice may be given by means of communication, email or facsimile, provided that at least two-thirds of the members of the Remuneration and Evaluation Committee attend the meeting, and the notice period for the meeting shall not be subject to the aforementioned restriction. The meeting shall be presided over by the chairman (convener); if the chairman (convener) is unable to attend, he/she may entrust another member (an independent director) to preside over the meeting.

**Article 14** Meetings of the Remuneration and Evaluation Committee shall only be held when at least two-thirds of the members are present; each member shall have one vote; resolutions of the meeting must be passed by a majority of all members.

**Article 15** Voting at meetings of the Remuneration and Evaluation Committee shall be by a show of hands or by poll; meetings may also be held by means of communication voting.

**Article 16** The Remuneration and Evaluation Committee may, when necessary, invite directors and senior management of the Company to attend the meeting as non-voting attendees.

**Article 17** Where necessary, the Remuneration and Evaluation Committee may engage intermediary institutions to provide professional advice for its decision-making, and the expenses shall be borne by the Company.

**Article 18** When the Remuneration and Evaluation Committee discusses matters relating to a member of the Committee, the party concerned shall abstain.

**Article 19** The procedures for convening meetings of the Remuneration and Evaluation Committee, the voting methods and the resolutions passed at the meetings must comply with the relevant laws, regulations, the securities regulatory rules of the places where the Company's shares are listed, the Articles of Association and these Terms of Reference.

**Article 20** Minutes shall be kept for meetings of the Remuneration and Evaluation Committee, and the members attending the meeting shall sign the minutes; the minutes shall be kept by the secretary to the Board of Directors of the Company for a period of not less than 10 years.

**Article 21** The resolutions passed at meetings of the Remuneration and Evaluation Committee and the voting results shall be reported to the Board of Directors of the Company in writing.

**Article 22** All members present at the meeting shall have an obligation of confidentiality in respect of the matters considered at the meeting and shall not disclose relevant information without the authorization of the Board of Directors of the Company.

## **CHAPTER 6 SUPPLEMENTARY PROVISIONS**

**Article 23** For those matters which have not been covered in these Terms of Reference, such matters shall be implemented in accordance with the relevant national laws, regulations, normative documents, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association. In the event of any conflict between these Terms of Reference and any laws or regulations subsequently promulgated by the State, the securities regulatory rules of the places where the Company's shares are listed, or the Articles of Association as amended through lawful procedures, the relevant national laws, regulations, the securities regulatory rules of the places where the Company's shares are listed and the Articles of Association shall prevail, and these Terms of Reference shall be immediately amended and submitted to the Board of Directors of the Company for consideration and approval.

**Article 24** For the purpose of these Terms of Reference, the term "independent director" has the same meaning as "Independent Non-Executive Director" under the Hong Kong Listing Rules. Independent directors shall also meet other independence requirements under the Hong Kong Listing Rules and the securities regulatory rules of the places where the Company's shares are listed.

**Article 25** These Terms of Reference shall be formulated, amended and interpreted by the Board of Directors of the Company.

**Article 26** Upon being considered and approved by the Board of Directors of the Company, these Terms of Reference shall come into effect and be implemented from the date on which the Company's overseas listed foreign shares (H Shares) are issued and listed on the Main Board of 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 Evaluation Committee of the Board of Directors (2025 Revision) shall automatically cease to be effective.

**Shenzhen Longsys Electronics Co., Ltd.  
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