

Lygend Resources & Technology Co., Ltd.

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

Chapter 1 General Provisions

Article 1 Lygend Resources & Technology Co., Ltd. (the “**Company**”) establishes the Remuneration Committee of the Board of Directors (the “**Committee**”) and formulates these Terms of Reference in order to establish and improve the remuneration policy for directors and senior management, to formulate a scientific, effective, formal and transparent remuneration management system, to evaluate the performance of executive directors and approve the terms of service contracts of executive directors, to implement the Company’s talent development and utilization strategy and to improve the corporate governance structure, in accordance with the Company Law of the People’s Republic of China, the Securities 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 Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (the “**SZSE Listing Rules**”), the Guidelines of Self-Regulatory Regulations for Listed Companies on the Shenzhen Stock Exchange No. 1 – Standardised Operation of the Companies Listed on the Main Board (the “**Regulatory Guidelines No. 1 – Standardised Operation**”) and other relevant regulations, as well as the Articles of Association of Lygend Resources & Technology Co., Ltd (the “**Articles of Association**”).

Article 2 The Committee is a special committee under the Board of Directors of the Company to review the remuneration policy and make recommendations to the Board on remuneration packages of the Company’s directors and senior management, and is directly accountable to the Board of the Company.

Chapter 2 Composition

Article 3 The members of the Committee shall consist of three or more directors, of which a majority shall be independent directors (independent non-executive directors), and the independent directors (independent non-executive directors) shall serve as conveners.

Article 4 The members of the Committee shall be nominated by the Chairman of the Board, more than one-half of the independent directors (independent non-executive directors), or more than one-third of the directors, and shall be elected by the Board of Directors.

Article 5 The Committee shall have a chairman (convenor), who shall be an independent director (independent non-executive director), and the chairman shall be responsible for presiding over the work of the Committee; the chairman shall be elected from among the members of the Committee and reported to the Board of Directors for approval.

Article 6 The term of office of the Committee shall be the same as that of the Board, eligible for reappointment if re-elected upon expiry of term. If any member ceases to serve as a director during this period, he/she shall automatically lose his/her qualification as a Committee member, and the Board of Directors shall add a new member in accordance with the Articles of Association and these Terms of Reference.

Chapter 3 Duties and Authorities

Article 7 The Committee is responsible for formulating assessment standards for and conducting appraisals of directors and senior management, formulating and reviewing remuneration policies and programmes such as the mechanism for determining the remuneration of directors and senior management, the decision-making process, and the arrangements for the payment of and stoppage of recourse to payment, with the main duties and responsibilities as follows:

- (I) to make recommendations to the Board on the Company's policy and structure for all directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (II) to review and approve management's remuneration proposals with reference to the Board's corporate goals and objectives; to make recommendations to the Board on the remuneration packages (including benefits-in-kind, pension entitlements and compensation amounts, including compensation for loss or termination of office or appointment) of individual executive directors and senior management;
- (III) to make recommendations to the Board on the remuneration of non-executive directors;
- (IV) to consider the remuneration paid by comparable companies, time commitment and responsibilities required and employment conditions of other positions in the Company;
- (V) to review and approve the compensation payable to executive directors and senior management in connection with their loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (VI) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (VII) to ensure that no director or any of their associates (as defined in the Listing Rules) is involved in deciding his or her own remuneration;
- (VIII) to make recommendations to the Board of Directors on the establishment of or changes to the Share Incentive Scheme and the Employee Share Ownership Scheme, the granting of benefits to incentive recipients and the achievement of conditions for the exercise of such benefits;
- (IX) to make recommendations to the Board of Directors on the arrangement of shareholding plans for directors and senior management in the subsidiaries to be spun off;
- (X) to make recommendations to the Board of Directors on other matters as prescribed by laws, administrative regulations, CSRC regulations and the Articles of Association of the Company;
- (XI) Such other matters as the Board may authorize.

If the Board does not adopt or does not fully adopt the recommendations of the Committee, it shall record the opinion of the Committee and the specific reasons for non-adoption in a resolution of the Board and disclose the same.

Article 8 The Committee may consult the chairman of the Board and/or the chief executive on the proposed remuneration of the other executive directors. If necessary, the Committee shall be able to seek independent professional advice.

Article 9 The remuneration plan for the Company's directors proposed by the Committee shall be submitted to the Board of Directors for approval and to the shareholders' meeting for consideration and approval before implementation. When the Board of Directors or the Committee evaluates a director individually or discusses his or her remuneration, the director shall recuse himself or herself from the meeting.

The remuneration plan of the senior management of the Company shall be reported to the Board of Directors for approval, explained to the shareholders' meeting and fully disclosed.

Article 10 The Committee shall report regularly to the Board and its chairman shall report its decisions or recommendations to the Board at the next Board meeting following the Committee's meeting, unless the Committee is prevented from doing so by legal or regulatory restrictions (such as restrictions on disclosure due to regulatory requirements).

Article 11 The disclosure of the directors' remuneration policy, details of any remuneration payable to members of senior management by band and other remuneration related matters in the Company's annual report are subject to the approval of the Committee. The Committee is authorized by the Board to act under its terms of reference and may obtain any information it requires from employees of the Company; all employees shall cooperate upon the request of the Committee.

Article 12 The Committee shall seek independent professional advice from intermediaries as it deems necessary at the Company's expense.

Article 13 The Committee shall be provided with sufficient resources by the Company to perform its duties.

Chapter 4 Decision-making Procedures

Article 14 The working group under the Committee is responsible for preliminary preparation of the decision-making of the Remuneration Committee, providing information on relevant aspects of the Company:

- (I) information on the achievement of the Company's main financial indicators and business goals;
- (II) information on the scope of work and main responsibilities of the Company's senior management;
- (III) information on the achievement of indicators involved in the job work performance appraisal system for directors and senior management;
- (IV) information on performance of directors and senior management in terms of their ability to innovate in business and generate profits; and

- (V) relevant calculation basis for formulating the Company's remuneration allocation plan and allocation method based on the Company's performance.

Article 15 Procedures for the Committee's appraisal of directors and senior management are as follows:

- (I) Directors and senior management of the Company to make a presentation and self-evaluation to the Committee;
- (II) The Committee evaluates performance of directors and senior management in accordance with the performance evaluation standards and procedures; and
- (III) Based on the results of the job performance evaluation and the remuneration allocation policy, the Committee proposes and votes on the amount of remuneration and the methods of reward for directors and senior management, and upon its approval, submits the same to the Board of the Company for consideration.

Chapter 5 Rules of Procedure

Article 16 The Committee shall hold regular meetings at least once a year or as frequently as required by other regulatory provisions applicable to the Company from time to time. The Committee may hold ad hoc meetings as needed and upon the request of member(s) of the Committee. The chairman of the Committee shall give at least three days' prior notice and send the agenda and all relevant meeting documents to all members in a timely manner. The meeting shall be chaired by the chairman of the Committee, who may delegate another member (an independent director (independent non-executive director)) to chair the meeting if he/she is unable to do so.

If an independent director (independent non-executive director) resigns or is relieved of his/her duties as a result of the circumstances under which he/she is prohibited from acting as an independent director (independent non-executive director) under the Administrative Measures for Independent Directors of Listed Companies, resulting in the proportion of independent directors (independent non-executive directors) in the Board of Directors or in the Committee failing to comply with the relevant provisions, the provisions of these Terms of Reference or the Articles of Association, the Company shall complete the by-election within sixty days from the date of occurrence of the aforesaid.

Article 17 A meeting of the Committee shall be held only when at least one-half of the members are present; each member shall have one vote; and resolutions made at a meeting shall be passed by a majority of all the members.

Article 18 The meeting of the Committee may be held on site or by means of communication, and the voting shall be by ballot.

Article 19 When deemed necessary, the Committee may invite directors, senior management, and heads of relevant departments to attend the meetings.

Article 20 If any member of the Committee has an interest in the issues or matters discussed at the meeting (such as the determination of the remuneration of the Committee members themselves), he/she shall abstain from discussion and voting. If no effective agreement can be formed from discussion due to such abstention, relevant matters shall be considered directly by the Board.

Article 21 The procedures for convening meetings, the voting methods and the resolutions passed at the meetings of the Committee shall comply with relevant laws and regulations, regulatory documents, the listing rules of the place where the Company's shares are listed, the Articles of Association and these Terms of Reference.

Article 22 The Committee shall take minutes of its meetings, recording the following contents: date, time, venue, chairperson and attendees of the meeting, agenda of the meeting, and voting results of each matter. Complete minutes shall be kept by the duly appointed secretary of the meeting (usually the Company secretary). Draft and final versions of the minutes shall be sent to all members of the Committee for their comments and records, respectively, within a reasonable period of time after the meeting. The first draft is for the comments of the members and the final draft is for their records. The minutes shall record in sufficient detail the matters considered and decisions reached at the meeting, and shall include any doubts raised or objections expressed by the members. Members attending the meeting should sign the minutes and resolutions of the meeting.

Article 23 The resolutions and voting results of the Committee meetings shall be reported in writing to the Board.

Article 24 All persons attending the meeting shall be obligated to keep the matters discussed thereat confidential and shall not disclose relevant information without authorization.

Chapter 6 Supplementary Provisions

Article 25 These Terms of Reference shall take effect and enforceable as of the date when they are approved by the Board of Directors by resolution and the Company completes its initial public offering of A shares and listing on the Main Board.

Article 26 Any matter not covered in these Terms of Reference shall be subject to the relevant state laws, regulations, regulatory documents and listing rules of the place where the Company's shares are listed and the provisions of the Articles of Association; in the event of inconsistency between these Terms of Reference and the relevant laws, regulations, regulatory documents and listing rules of the place where the Company's shares are listed and the provisions of the Articles of Association, the latter shall prevail.

Article 27 The Board of Directors shall be responsible for the interpretation of and amendment to these Terms of Reference.

Article 28 The Committee shall disclose its terms of reference, explain its role and the powers delegated by the Board on the website of the Stock Exchange and the website of the Company.

Article 29 These Terms of Reference are written in Chinese, and in case of any discrepancy between the version in any other language and the Chinese version, the Chinese version shall prevail.

Lygend Resources & Technology Co., Ltd.
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