

**Wuxi Lead Intelligent Equipment Co., Ltd.**  
**TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL**  
**COMMITTEE OF THE BOARD OF DIRECTORS**

**CHAPTER 1 GENERAL PROVISIONS**

**Article 1** In order to establish and improve the appraisal and remuneration management system for directors and senior management members of Wuxi Lead Intelligent Equipment Co., Ltd. (the “Company”), and enhance its corporate governance structure, the Company has established the Remuneration and Appraisal Committee of the Board and formulated these terms of reference in accordance with the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Shares on the ChiNext market of Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Articles of Association and other relevant requirements.

**Article 2** The Remuneration and Appraisal Committee is a specialized working body established by the Board, which is mainly responsible for formulating the appraisal standards for directors and senior management members of the Company and carrying out appraisals; and for formulating and reviewing the remuneration policies and plans for directors and senior management members of the Company. It is accountable to the Board and reports to the Board.

In these terms of reference, directors refer to the directors who receive remuneration from the Company other than independent directors, and senior management members refer to the general manager, deputy general managers, chief financial officer, secretary to the Board and other senior management members specified in the Articles of Association engaged by the Board.

**CHAPTER 2 COMPOSITION**

**Article 3** The Remuneration and Appraisal Committee shall consist of 3 directors and include half or more of independent directors. The convener shall be an independent director.

**Article 4** Members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the Board, more than half of the independent directors, or one-third of all directors, and shall be elected by the Board.

**Article 5** The Remuneration and Appraisal Committee shall have 1 chairman (convener), who shall be an independent director and be responsible for presiding over the work of the Committee.

**Article 6** The term of office for the Remuneration and Appraisal Committee shall be the same as that of the Board. Members may serve consecutive terms if re-elected upon the expiration of their term. If any member resigns from the position of director of the Company during his/her term of office or any member who shall be an independent director no longer possesses the independence as specified in the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association, he/she shall automatically lose his/her position as a Committee member, and the vacancy shall be filled by the Committee in accordance with the provisions of Articles 3 to 5 of these terms of reference.

Where the resignation of a member would result in the number of members of the Remuneration and Appraisal Committee falling below the minimum number required or the proportion of independent directors failing to fulfill the relevant requirement, the former member shall continue to perform his/her duties until the new member assumes office.

**Article 7** The Remuneration and Appraisal Committee shall establish a working group as the daily operation unit which is dedicated to providing the Company with relevant information on operation and personnel being appraised, as well as preparing for meetings and implementing relevant resolutions of the Remuneration and Appraisal Committee.

### CHAPTER 3 DUTIES AND AUTHORITIES

**Article 8** The Remuneration and Appraisal Committee shall be responsible for formulating the appraisal standards and conducting appraisals for the directors and senior management members, formulating and reviewing remuneration policies and plans such as the remuneration determination mechanism, decision-making process, payment of remuneration and recourse arrangements to stop payment for directors and senior management members. Its main duties and authorities are as follows:

- (I) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management members' remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (II) to review and approve the remuneration proposal of the management with reference to the corporate policies and objectives set by the Board;
- (III) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management members, or to make recommendations to the Board on the remuneration packages of individual executive directors, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (IV) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group;
- (V) to review and approve compensations payable to executive directors and senior management members for any loss or termination of office or appointment to ensure that such compensations are consistent with contractual terms and are 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 his/her associates (as defined in Rules 14A.12 and 14A.13 of the Hong Kong Listing Rules) is involved in deciding that director's own remuneration;

- (VIII) to make recommendations to the Board on the formulation or amendment of share incentive schemes (including matters relating to share schemes as referred to in Chapter 17 of the Hong Kong Listing Rules), employee stock ownership plans, the entitlements of participants and conditions for exercising such rights;
- (IX) to make recommendations to the Board on arrangements for directors and senior management members to participate in shareholding plans of subsidiaries proposed for spin-off;
- (X) other matters authorized by the Board;
- (XI) other matters as required by laws, administrative regulations, the CSRC, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Where the Board does not adopt or 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 in the Board resolution and make a disclosure.

**Article 9** The remuneration plans for directors of the Company proposed by the Remuneration and Appraisal Committee are subject to consent by the Board and consideration and approval of the general meeting; the remuneration allocation plans for the senior management members of the Company are subject to approval by the Board.

## CHAPTER 4 DECISION-MAKING PROCEDURES

**Article 10** The working group under the Remuneration and Appraisal Committee is responsible for making preparations for the Remuneration and Appraisal Committee's decision-making and providing information on relevant aspects of the Company:

- (I) to provide information on the achievement of the Company's main financial indicators and business goals;
- (II) to provide information on the scope of work and main responsibilities of the Company's senior management members;
- (III) to provide information on the achievement of indicators involved in the job performance appraisal system for directors and senior management members;
- (IV) to provide information on performance of directors and senior management members in terms of their ability to innovate in business and generate profits;
- (V) to provide relevant calculation basis for formulating the Company's remuneration allocation plan and allocation method based on the Company's performance.

**Article 11** The procedures for appraising directors and senior management members by the Remuneration and Appraisal Committee are as follows:

- (I) Directors and senior management members of the Company shall report his/her work and make a self-evaluation to the Remuneration and Appraisal Committee of the Board;

- (II) The Remuneration and Appraisal Committee shall evaluate the performance of directors and senior management members in accordance with the performance evaluation standards and procedures;
- (III) Based on the results of the job performance evaluation and the remuneration allocation policy, the Committee shall propose the amount of remuneration and the methods of reward for directors and senior management members, and upon its approval by voting, submit the same to the Board of the Company.

## CHAPTER 5 RULES OF PROCEDURE

**Article 12** Upon a proposal by the convener or by 2 or more members, the Remuneration and Appraisal Committee may convene a meeting on an ad hoc basis, and all members shall be notified 3 days before the meeting. However, under special or emergency circumstances, the above notice period requirement may be waived.

Meetings shall be convened and presided over by the convener. If the convener is unable to attend the meeting, he/she may authorize another independent director to preside.

**Article 13** Meetings of the Remuneration and Appraisal Committee shall, in principle, be convened on-site, and voting shall be conducted by a show of hands or ballot. On the premise of ensuring that all participating directors can fully communicate and express their opinions, a meeting may be held and resolutions may be made by written text, telephone, video, email, circulation of written resolutions or other means, and shall be signed (including electronic signatures) by the participating members.

**Article 14** A meeting of the Remuneration and Appraisal Committee shall be held only if two-thirds or more of its members are present; each member shall have one vote; and resolutions made at the meeting must be passed by more than half of all the committee members.

**Article 15** When the Remuneration and Appraisal Committee considers necessary, directors and senior management members of the Company may be invited to sit in on the meetings, or intermediaries may be engaged to provide professional advice for its decision-making at the Company's expense.

**Article 16** When issues related to Committee members are under discussion at the meetings of the Remuneration and Appraisal Committee, the parties involved should abstain from the discussion.

**Article 17** The procedures for convening the meetings of the Remuneration and Appraisal Committee, the voting method and the remuneration policies and allocation plans passed at the meetings shall comply with relevant laws, regulations, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and the provisions of these terms of reference.

**Article 18** Minutes shall be kept for meetings of the Remuneration and Appraisal Committee. Members and minute-taker attending the meeting shall sign the minutes. The minutes of the meetings shall be kept by the secretary to the Board for no less than 10 years.

**Article 19** Resolutions passed and voting results at meetings of the Remuneration and Appraisal Committee shall be reported to the Board of the Company in writing.

**Article 20** Members attending the meetings and other persons sitting in on the meetings are under a duty of confidentiality with respect to the proceedings of the meetings and shall not disclose the relevant information without authorization.

## CHAPTER 6 SUPPLEMENTARY PROVISIONS

**Article 21** Capitalized terms used in these terms of reference shall have the same meanings as those used in the Articles of Association unless the context requires otherwise.

**Article 22** Matters not covered in these terms of reference shall be implemented in accordance with the relevant national laws and regulations, administrative regulations, normative documents, the relevant requirements of the securities regulatory authorities of the place where the Company's shares are listed and the provisions of the Articles of Association. Should these terms of reference conflict with national laws, regulations, normative documents, the relevant requirements of the securities regulatory authorities of the place where the Company's shares are listed or the Articles of Association as lawfully amended in the future, the provisions of the relevant national laws, regulations, normative documents, the relevant requirements of the securities regulatory authorities of the place where the Company's shares are listed and the Articles of Association shall prevail, and these terms of reference shall be revised accordingly in a timely manner and submitted to the Board for consideration and approval.

**Article 23** After being considered and approved by the Board, these terms of reference shall come into effect from the date on which the H Shares issued by the Company commence listing on the Hong Kong Stock Exchange.

**Article 24** These terms of reference shall be interpreted by the Board of the Company.