

Victory Giant Technology (HuiZhou) Co., Ltd.

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

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to further improve the appraisal and remuneration systems for the directors and senior management as well as the corporate governance structure of Victory Giant Technology (HuiZhou) Co., Ltd. (hereinafter referred to as the “Company”), the Company hereby established the Remuneration and Appraisal Committee of the board of directors (hereinafter referred to as the “Board”) and formulated these terms of reference (hereinafter referred to as the “Terms of Reference”) in accordance with the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies on the ChiNext Market of Shenzhen Stock Exchange, the Measures for the Administration of Independent Directors of 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 the Company (hereinafter referred to as the “Articles of Association”) and other relevant provisions.

Article 2 The Remuneration and Appraisal Committee is a specialised working body of the Board established by the Board pursuant to a resolution of the shareholders’ meeting, which is mainly responsible for formulating the appraisal criteria for the directors and senior management of the Company and conducting evaluations over their performances, and formulating and reviewing the remuneration policies, decision-making procedures, payment arrangements, and plans for the directors and senior management of the Company, and is accountable to the board.

Article 3 For the purpose of these Terms of Reference, directors refer to the chairman and the directors who receive remuneration from the Company, and senior management refers to the president, vice president, chief financial officer, Board secretary appointed by the Board and other senior management determined by the Board as proposed by the president.

CHAPTER 2 COMPOSITION

Article 4 Members of the Remuneration and Appraisal Committee shall consist of three directors. Among them, at least two shall be independent non-executive directors.

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

Article 6 The Remuneration and Appraisal Committee shall have one chairperson (convener), who shall be an independent non-executive director and responsible for presiding over the work of the Committee. The chairperson shall be nominated by more than half of all members and appointed upon approval by the Board. The chairperson and members of the Remuneration and Appraisal Committee shall be appointed and removed by the Board.

Article 7 The terms of office of the members of the Remuneration and Appraisal Committee shall be in conformity with that of their directorship of the same session of the Board. Members may be re-elected or re-appointed at the expiry of their terms of office. During the term of office, if any member ceases to be a director of the Company or any member as an independent non-executive director ceases to have independence as set out in the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association and automatically loses his/her qualification as a member of the Remuneration and Appraisal Committee, or if the resignation of an independent non-executive director results in the proportion of independent non-executive directors in the Remuneration and Appraisal Committee failing to comply with the securities regulatory rules of the place where the Company's shares are listed or these Terms of Reference, the position(s) vacated by such member(s) shall be filled by the Board in accordance with Articles 4 to 6 above. The substitute member(s) shall hold office until the expiration of his/her term of office as a director.

Article 8 Members of the Remuneration and Appraisal Committee may be adjusted during their terms of office according to the recommendation of the chairman of the Board and upon the consideration and approval of the Board.

Article 9 A member may tender his/her resignation to the Board during his/her term of office by giving a written resignation to explain the reason for resignation and matters which need to be brought to the attention of the Board.

Article 10 The Remuneration and Appraisal Committee shall establish a working team, which shall specifically be responsible for providing the operational information of the Company and the relevant information of persons to be appraised, as well as organizing meetings of and implementing the relevant resolutions of the Remuneration and Appraisal Committee.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 11 The main duties and authorities of the Remuneration and Appraisal Committee are as follows:

- (I) To study, formulate and review remuneration programmes or plans based on the main scope, responsibilities and importance of the management positions of directors and senior management, as well as the remuneration levels of relevant positions in other relevant enterprises. The remuneration programmes or plans shall mainly include, but are not limited to, performance appraisal criteria, procedures and major appraisal systems, remuneration policies, and major plans and systems of rewards and penalties;
- (II) to review the performance of the duties of directors and senior management of the Company and to conduct annual performance appraisals on them and make recommendations;

- (III) to supervise the implementation of the Company's remuneration system;
- (IV) to make recommendations to the Board on the Company's policy and structure of remuneration for all directors and senior management and on the establishment of a formal and transparent procedure for developing such remuneration policy;
- (V) to review and approve the remuneration proposals for the management in the light of the corporate goals and objectives set by the Board;
- (VI) make recommendations to the Board on specific remuneration packages for individual executive directors and members of senior management, which include non-pecuniary benefits, pension rights and compensation payments (including compensation for loss or termination of office or appointment);
- (VII) to make recommendations to the Board on the remuneration of non-executive directors;
- (VIII) to consider factors when evaluating the remuneration of directors and senior management, such as remuneration paid by comparable companies, time commitment and responsibilities of directors and senior management, and terms of employment for other positions within the Group;
- (IX) to review and approve compensation payable to executive directors and senior management for loss or termination of their office or appointment to ensure that it is consistent with contractual terms; if the contractual terms are not consistent, the compensation should be fair and not excessive;
- (X) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that it is consistent with contractual terms; if the contractual terms are not consistent, the compensation should be reasonable and appropriate;
- (XI) to make recommendations on the formulation or change of share incentive schemes, employee stock ownership plans, the granting of benefits to incentive recipients and the fulfilment of the conditions for exercising such benefits; and offer opinions on whether the employee stock ownership plans contribute to the Company's sustainable development and whether there are any obvious situations that harm the interests of the Company and all shareholders;
- (XII) to make recommendations on directors and senior management establishing shareholding arrangements in proposed spin-off subsidiaries;
- (XIII) to review and/or approve matters relating to share schemes as described in Chapter 17 of the Hong Kong Listing Rules (if any, as amended and supplemented from time to time);

- (XIV) 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 determining his/her own remuneration;
- (XV) to consult the chairman and/or the president about their remuneration proposals for other executive directors;
- (XVI) other matters authorized by the Board and the Articles of Association and stipulated by laws, regulations, the Hong Kong Listing Rules and securities regulatory rules of the place where the Company's shares are listed.

Article 12 The major duties and authorities of the chairman of the Remuneration and Appraisal Committee:

- (I) to convene and preside over the committee meetings and sign and issue meeting resolutions;
- (II) to propose the convening of meetings;
- (III) to head the committee and ensure its effective operation and performance of duties;
- (IV) to ensure that a clear conclusion is drawn for each topic discussed by the committee, such conclusion may be pass, rejection or deferral (to be reconsidered with supplementary materials);
- (V) to determine the agenda of each committee meeting;
- (VI) to ensure that all members present at the committee meeting are informed of the matters to be discussed at such meeting and that every member is provided with complete and reliable information;
- (VII) other duties as required by national laws, regulations, normative documents, securities regulatory authorities where the Company's shares are listed, and authorized by the Articles of Association, these Terms of Reference and the Board.

Article 13 Main duties and authorities of the members include:

- (I) to attend committee meetings on time, express their views on the subject matters under discussion and exercise voting rights at the meetings;
- (II) to propose topics for discussion at the meetings of the committee;
- (III) to attend as observer or listen to relevant meetings of the Company, and conduct investigations and research to obtain necessary information such as reports, documents and data for the purpose of discharging their duties;
- (IV) to have a full understanding of the responsibilities of the committee as well as their own responsibilities as members of the committee, and familiarise with the relevant operational and administrative status, business activities and development of the Company so as to ensure their ability to perform duties;

- (V) to ensure they have enough time and energy to discharge their responsibilities;
- (VI) other powers as required by national laws, regulations, normative documents, securities regulatory authorities where the Company's shares are listed, and authorized by the Articles of Association, these Terms of Reference and the Board.

Article 14 The Board has the right to vote down remuneration plans and proposals that would jeopardize the interests of the shareholders.

Article 15 The remuneration proposal for directors of the Company suggested by the Remuneration and Appraisal Committee shall, after being approved by the Board, be put forward, considered and passed at the general meeting of shareholders before implementation.

The remuneration distribution plans of senior management members of the Company shall be approved by the Board.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 16 The working group under the Remuneration and Appraisal Committee is responsible for the preliminary preparatory work for the decision-making by the Remuneration and Appraisal Committee and provides the Company with information on the following aspects:

- (I) fulfillment of key financial indicators and business objectives of the Company;
- (II) the scope of responsibilities and primary duties of senior management of the Company;
- (III) fulfillment of indicators in the performance appraisal system for directors and senior management;
- (IV) operational performance of directors and senior management in terms of the capability in business innovation and profit generation;
- (V) basis for relevant measurement adopted in the formulation of remuneration distribution plans and distribution methods of the Company according to the performance of the Company.

Article 17 The appraisal procedures of the Remuneration and Appraisal Committee for the directors and senior management:

- (I) The directors and senior management of the Company report his/her work to the Remuneration and Appraisal Committee of the Board and conduct self-evaluations;
- (II) The Remuneration and Appraisal Committee conducts performance evaluations on directors and senior management in accordance with performance evaluation standards and procedures;
- (III) The amount of remuneration and reward methods for the directors and senior management are proposed based on the results of performance evaluations and remuneration distribution policies, and are submitted to the Board of the Company for review and decision upon approval by vote.

CHAPTER 5 WORKING RULES

Article 18 The Remuneration and Appraisal Committee shall convene meetings when (1) the Board deems it necessary; (2) the chairman deems it necessary; (3) two or more members of the Committee propose it.

Article 19 The Remuneration and Appraisal Committee shall notify all members not less than three days prior to any meeting.

In case of emergency where an interim meeting of the Remuneration and Appraisal Committee needs to be convened as soon as practicable, the notice of meeting may at any time be given through telephone or otherwise given verbally, provided that an explanation shall be made by the convener at the meeting.

Article 20 The notice of the meeting shall include the location and time of the meeting, the duration of the meeting, the meeting agenda, and the issues to be discussed, as well as the date of the notice. The notice of the meeting can be delivered by hand, telephone, fax, email, etc.

Article 21 Meetings can be held on-site or off-site. Off-site meeting methods include telephone, video, email, and circulation of written resolutions.

Article 22 Members of the Committee shall attend meetings in person. If a member is unable to attend the meeting in person for any reason, he/she may authorize another Committee member to attend such meeting and express opinions on his/her behalf by submitting a power of attorney signed by the authorizing member. The power of attorney shall specify the scope and duration of the authorization.

Article 23 The member attending a meeting on behalf of another member shall exercise the rights within the scope of authorization. If a member does not attend a meeting in person or authorize another member to exercise the rights on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting, he/she shall be deemed to have waived his/her rights.

Article 24 A member who is unable to attend a meeting in person may also exercise his/her rights by submitting his/her opinion in writing with respect to any matter to be discussed, provided that such written opinion shall be submitted to the office of the Board before the meeting at the latest.

Article 25 Meetings are chaired by the chairman. If the chairman is unable to attend, he or she may delegate the appointment of an independent non-executive director to chair the meeting. The notice period requirement may be waived with the unanimous consent of all members.

Article 26 The quorum of a meeting of the Remuneration and Appraisal Committee shall be not less than two-thirds of the members. Each member shall have one vote. A resolution of the meeting shall be passed by more than half of the members. Members present at the meeting shall sign the meeting resolutions.

Article 27 Voting at the meeting of the Remuneration and Appraisal Committee shall be taken by a show of hands or voting.

Article 28 The Remuneration and Appraisal Committee may invite directors and senior management of the Company to attend the meeting when deemed necessary. Such personnel invited to attend the meeting shall give explanation and elaboration on any issues as required by any Committee member. Directors of the Company who are not members of the Committee shall be entitled to attend the meetings of the Committee.

Article 29 If necessary, the Remuneration and Appraisal Committee may engage an intermediary institution to provide an independent professional opinion on its decision. The expenses shall be borne by the Company.

Article 30 When the meeting of the Remuneration and Appraisal Committee discusses a topic related to the members of the Committee, the interested members shall abstain from the discussion. Where the number of unrelated members attending the meeting falls below two-thirds of the total number of the Remuneration and Appraisal Committee, such matter shall be submitted to the Board for consideration.

Article 31 The procedures for convening meetings of the Remuneration and Appraisal Committee, way of voting and the remuneration policy and allocation plans approved at the meeting must comply with the provisions of relevant laws, regulations, the securities regulatory rules of places where the Company's shares are listed, the Articles of Association and the provisions of these Terms of Reference.

Article 32 The Remuneration and Appraisal Committee shall keep minutes of its meetings. Minutes of meetings shall be prepared by the office of the Board and include the following:

- (I) method, date, venue and name of the chairperson of the meeting;
- (II) attendance and absence and attendance by proxy;
- (III) topics of the meeting;
- (IV) deliberations and voting at the meeting;
- (V) name of the person taking minutes.

Members of the Committee and the Board secretary present at the meeting shall sign the minutes of the meeting. The minutes shall be maintained by the secretary to the Board of the Company in accordance with the Company's file management system.

Article 33 The resolutions adopted at the meeting of the Remuneration and Appraisal Committee and the voting results shall be submitted to the Company's Board in writing for review and decision.

Article 34 All members present at the meeting shall be subject to a confidentiality obligation in respect of the matters discussed at the meeting, and shall not disclose the relevant information, unless required by applicable laws, regulations and rules or by the competent authorities and with consent from the Board.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 35 These Terms of Reference shall become effective and come into effect on the date on which the H Shares issued by the Company are listed on the Stock Exchange of Hong Kong Limited, after being resolved and approved by the Company's Board.

Article 36 Matters not covered in these Terms of Reference shall be implemented in accordance with the provisions of the relevant laws and regulations of the PRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. In case of any conflict between these Terms of Reference and any future laws and regulations of the PRC, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association as amended by legal procedures, then the provisions of the relevant laws and regulations of the PRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association shall prevail, and these Terms of Reference shall be amended immediately and submitted to the Board of the Company for approval.

Article 37 The terms as used herein shall have the same meanings as those used in the Articles of Association, unless otherwise required in these Terms of Reference.

Article 38 The power of interpretation of these Terms of Reference shall be vested in the Board of the Company.

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