Shenzhen Kinwong Electronic Co., Ltd.
Terms of Reference of the Remuneration and Appraisal Committee of the Board

Chapter I General Provisions

Article 1 To further establish a sound assessment and remuneration management system for Directors and senior management of Shenzhen Kinwong Electronic Co., Ltd. (the "Company"), and improve the Company's corporate governance structure, the Company hereby establishes the Remuneration and Appraisal Committee of the Board (the "Committee") and formulates these terms of reference, in accordance with the Company Law of the PRC (《中華人民共和國公司法》), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》), the Guidelines No. 1 of the Shanghai Stock Exchange for Self-regulation of Listed Companies — Standardized Operation (《上海證券交易所上市公司自律監管指引第 1 號—規範運作》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Listing Rules"), the Articles of Association of Shenzhen Kinwong Electronic Co., Ltd. (the "Articles of Association") and other relevant provisions.

Article 2 The Committee is a special working body established by the Board. Its primary duties are formulating the assessment criteria and conducting assessments for the Directors and senior management of the Company, and formulating and reviewing remuneration policies and plans for Directors and senior management of the Company, and making recommendations.

Article 3 Senior management referred to in these terms of reference includes the general manager, deputy general manager, chief financial officer, Board secretary, and other personnel as defined in the Articles of Association, all of whom are appointed by the Board.

Chapter II Composition

Article 4 The Committee shall consist of 3 Director members, a majority of whom shall be independent Directors.

Article 5 Members of the Committee shall be nominated by the chairman, more than 1/2 of the independent Directors or 1/3 of all Directors, and shall be elected by a majority of the Board. If a member becomes unsuitable for office during his or her term of office, that member shall voluntarily resign or be replaced by the Board of the Company.

Article 6 The Committee shall have 1 chairperson (convener), who shall be an independent Director and shall preside over the work of the Committee and convene its meetings. The chairperson shall be elected from among the Committee and approved by the Board. Where the chairperson (convener) cannot or is unable to perform his or her duties, he or she may appoint 1 member who is an independent Director to perform such duties on his or her behalf.

Article 7 The term of office of the Committee shall be the same as the term of office of the Board. Members may be re-elected upon expiry of their term of office. If, during such term, any member of the Committee ceases to be a Director of the Company, or a member who is required to be an independent non-executive Director no longer satisfies the independence requirements under the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, such member shall automatically cease to be a member of the Committee, and the Board shall fill the vacancies in accordance with Articles 4 to 6 above.

Where the resignation of an independent Director causes the proportion of independent Directors on the Committee to fail to meet the requirements of these terms of reference, laws and regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, the Board shall fill the vacancies in accordance with Articles 4 to 6 above.

Article 8 The Human Resources Management Department of the Company serves as the Committee's day-to-day working body and is mainly responsible for providing information on the Company's operations and on the personnel to be assessed. The Securities Department is responsible for the day-to-day liaison for meetings, meeting organization, collection of meeting materials, and other related work.

Chapter III Duties and Powers

Article 9 The Committee is responsible for formulating the assessment criteria for Directors and senior management and conducting assessments, formulating and reviewing remuneration policies and plans for Directors and senior management, and exercising the following functions and powers:

(I) to make recommendations on the remuneration of Directors and senior management;

(II) to make recommendations on the formulation of or change to an equity incentive plan, employee stock ownership plan, grant of interests to participants and fulfilment of conditions for exercising rights and interests;

(III) to make recommendations to the Board on the Company's overall remuneration policy and structure for Directors and senior management, and on the establishment of formal and transparent procedures for formulating such remuneration policy;

(IV) to review and approve management's remuneration proposals by reference to the corporate policies and objectives set by the Board;

(V) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including non-monetary benefits, pension rights and compensation payments (including compensation for loss or termination of office or appointment);

(VI) to make recommendations to the Board on the remuneration of non-executive Directors;

(VII) when assessing the remuneration of Directors and senior management, to take into account factors such as remuneration paid by comparable companies, the time commitment and responsibilities of Directors and senior management, and employment conditions for other positions within the Group;

(VIII) to review and approve compensation payable to executive Directors and senior management for loss or termination of office or appointment, so as to ensure that such compensation is consistent with the contractual terms; where it is not consistent with the contractual terms, it must also be fair and reasonable and not excessive;

(IX) to review and approve compensation arrangements relating to the dismissal or removal of a Director for misconduct, so as to ensure that such arrangements are consistent with the contractual terms; where they are not consistent with the contractual terms, the compensation must also be reasonable and appropriate;

(X) to make recommendations on shareholding arrangements for Directors and senior management in relation to a proposed spin-off of a subsidiary;

(XI) to ensure that no Director or any of his or her associates (as defined in Rules 14A.12 and 14A.13 of the Hong Kong Listing Rules) is involved in determining his or her own remuneration;

(XII) to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules;

(XIII) other matters required by laws, administrative regulations, the provisions of the China Securities Regulatory Commission, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Article 10 Where the Board does not adopt, or does not fully adopt, the Committee's recommendations, it shall record the Committee's opinions and the specific reasons for not adopting them in the Board resolutions and make disclosure thereof. The Board has the power to veto remuneration plans or programs that are detrimental to the interests of shareholders.

Article 11 The remuneration plans or programs for Directors of the Company proposed by the Committee shall be submitted to the Board for approval and submitted to the general meeting for consideration and approval before implementation. The remuneration distribution plan for senior management of the Company shall be submitted to the Board for approval before implementation.

Article 12 The Committee shall be accountable to the Board. Proposals put forward by the Committee shall be submitted to the Board for review and decision.

Chapter IV Decision-making Procedures

Article 13 The Human Resources Management Department of the Company, together with the relevant departments, shall be responsible for preparing the proposals and related materials to be submitted to the Committee, and for providing relevant information about the Company:

(I) information on the fulfillment of the main financial indicators and operational objectives of the Company;

(II) information on the division of work of the Company's senior management and their main duties;

(III) information on the fulfillment of indicators involved in the work performance assessment system of Directors and senior management;

(IV) information on the operational performance of Directors and senior management in terms of the capability in business innovation and profit-making;

(V) the basis for relevant measurement and calculation adopted in the formulation of remuneration distribution plans and distribution methods of the Company based on the Company's performance.

Article 14 The procedures for assessing Directors and senior management adopted by the Committee include:

(I) the Directors and senior management of the Company shall report their work and make self-assessments to the Committee;

(II) the Committee shall carry out performance assessments of the Directors and senior management according to the performance assessment standards and procedures;

(III) the Committee shall propose the remuneration amount and form of reward for Directors and senior management according to the performance assessment results and remuneration distribution policies, and shall report the same to the Board after they are passed by voting.

Chapter V Rules of Procedure

Article 15 The Committee shall hold meetings as required by actual needs. Meetings may be held in person or by means of communication. In principle, all members shall be given 3 days' prior notice of a meeting. The foregoing notice period requirement may be waived with the unanimous consent of all members.

Article 16 A meeting of the Committee may only be held when more than 2/3 of its members attend. Independent Directors shall attend the meeting of the Remuneration and Appraisal Committee in person. An independent Director who cannot attend a meeting in person for any reason shall review the meeting materials in advance, form clear opinions and appoint another independent Director in writing to attend on his or her behalf. Each member shall have 1 vote. Resolutions made at a meeting must be approved by a majority of all members.

Article 17 Voting at Committee meetings shall be by show of hands or poll. Voting by means of communication may be used for extraordinary meetings, with signatures required after voting for confirmation.

Article 18 If necessary, Directors and senior management of the Company, as well as personnel from other relevant departments (units), may also be invited to attend the meetings as non-voting participants.

Article 19 If necessary, the Committee may engage intermediaries to provide professional advice for its decision-making, at the Company's expense.

Article 20 When the meeting of the Committee discusses a topic related to the members of the Committee, the interested members shall abstain from the discussion.

Article 21 The procedures for convening Committee meetings, the methods of voting and the remuneration policies and distribution plans approved at meetings must comply with the relevant laws and regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and these terms of reference.

Article 22 Minutes shall be kept of Committee meetings, and members present at a meeting shall sign the meeting minutes. The meeting minutes shall be kept by the secretary of the Board.

Article 23 Proposals adopted at Committee meetings and the voting results shall be reported to the Board in writing.

Article 24 All members present at a meeting shall have a duty of confidentiality in respect of the matters discussed at the meeting and shall not disclose the relevant information without authorisation.

Chapter VI Supplementary Provisions

Article 25 Matters not covered by these terms of reference shall be handled in accordance with the relevant national laws, regulations, the securities regulatory rules of the place 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 place where the Company's shares are listed or the Articles of Association amended through lawful procedures, matters shall be handled in accordance with the relevant national laws, regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Article 26 These terms of reference shall be interpreted by the Board of the Company.

Article 27 These terms of reference shall, following the review and approval by the Board of the Company, become effective on the date on which the H shares issued by the Company are listed on The Stock Exchange of Hong Kong Limited.

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