

# SHENZHEN LDROBOT CO., LTD

## Terms of Reference of the Remuneration Committee of the Board

### CHAPTER 1 GENERAL PROVISIONS

**Article 1** In order to further establish and improve the remuneration management system for directors and senior management of SHENZHEN LDROBOT CO., LTD (hereinafter referred to as the “Company”), and enhance its corporate governance structure, the Company has established the remuneration committee (hereinafter referred to as the “Remuneration Committee”) of the board of directors (hereinafter referred to as the “Board”) and formulated these terms of reference in accordance with the Company Law of the People’s Republic of China (《中華人民共和國公司法》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”), the articles of association of SHENZHEN LDROBOT CO., LTD (hereinafter referred to as the “Articles of Association”) and other relevant provisions.

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

**Article 3** In these terms of reference, directors refer to the chairman of the Board and directors who receive remuneration from the Company, and senior management refers to the manager, deputy manager, financial officer, Board secretary and other senior management appointed by the Board.

### CHAPTER 2 COMPOSITION

**Article 4** The Remuneration Committee shall consist of three directors, with a majority of whom shall be independent non-executive directors, which shall be two. They shall meet the independence requirements from time to time as stipulated in the Listing Rules (as amended from time to time).

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

**Article 6** The Remuneration Committee shall have one chairperson (convenor), who shall be appointed by the chairman of the Board and shall be an independent non-executive director and be responsible for presiding over the work of the committee. The convenor shall be elected among the members and shall be appointed upon approval by the Board.

**Article 7** The term of office for the Remuneration 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 ceases to serve as a director of the Company during his/her term, he/she shall automatically lose his/her membership qualification. The committee shall supplement the number of committee members in accordance with the provisions of the above Article 4 to Article 6.

**Article 8** The Remuneration Committee shall have a working group which is dedicated to providing the Company with relevant information on operation and the appraisees, as well as preparing for meetings and implementing relevant resolutions of the Remuneration Committee. The leader of the remuneration working group shall be the head of the administrative department, and the working group is affiliated to the administrative department of the Company. When necessary, the Board secretary may carry out relevant coordination.

### **CHAPTER 3 DUTIES AND AUTHORITIES**

**Article 9** The authorities and duties of the Remuneration Committee shall include such duties and responsibilities set out in relevant code provisions of the Corporate Governance Code (the “CG Code”) as contained in Appendix C1 to the Listing Rules (as amended from time to time).

**Article 10** Without prejudice to any requirements under the CG Code, the main duties and authorities of the Remuneration Committee are:

- (I) to develop remuneration plan or scheme based on the main scope, duties and importance of management positions of directors and senior management, as well as the salary levels of related positions in other related enterprises, and to make recommendations to the Board on the establishment of a formal and transparent procedure for developing remuneration policy;
- (II) the remuneration plan or scheme mainly includes but not limited to performance evaluation standards, procedures and major evaluation system, major scheme and system for rewards and punishments, etc.;
- (III) to review the performance of duties by directors and senior management of the Company and to carry out annual performance evaluation on them;
- (IV) to supervise the implementation of the Company’s remuneration system;
- (V) to review and approve the remuneration proposal of the management with reference to the corporate policies and objectives set by the Board;
- (VI) either: (i) to determine, with responsibility delegated by the Board, the remuneration packages of individual executive director and senior management; or (ii) to make recommendations to the Board on the remuneration packages of individual executive director and senior management. This shall include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (VII) to make recommendations to the Board on the remuneration of directors to ensure that no directors or any of their associates is involved in deciding their own remuneration. For the avoidance of doubt, members of the Remuneration Committee shall not determine their own remuneration;

- (VIII) to consider factors such as remuneration paid by comparable companies, time commitment and responsibilities, and terms of employment for other positions within the Group;
- (IX) to consider the level of remuneration required to attract and retain directors to manage the Company successfully;
- (X) to advise shareholders of the Company on how to vote in respect of any service contracts of directors that require shareholders' approval in accordance with the Listing Rules; 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 and is otherwise fair and not excessive;
- (XI) 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;
- (XII) to ensure that no director or any of his/her associates shall participate in determining his/her own remuneration;
- (XIII) to study on the Company's equity incentive program and put forward suggestions;
- (XIV) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
- (XV) to ensure that the share options or awards (if any) offered by the Company to its directors or senior management are in compliance with the requirements under Chapter 17 of the Listing Rules (as amended and supplemented from time to time), as applicable, including without limitation:
  - (a) where share options or awards are granted to directors and/or senior management with a vesting period of less than 12 months, forming views on why a shorter vesting period is appropriate and how such grants align with the purpose of the relevant share incentive scheme;
  - (b) where share options or awards are granted to directors and/or senior management without performance targets and/or clawback mechanism, forming views as to why performance targets and/or a clawback mechanism is/are not necessary and how such grants align with the purpose of the relevant share incentive scheme.
- (XVI) to advise shareholders of the Company on how to vote in respect of any service contracts of directors that require shareholders' approval in accordance with the Listing Rules;
- (XVII) other matters authorized by the Board.

**Article 11** The Board shall have the right to reject remuneration plans or schemes that are detrimental to the interests of shareholders.

**Article 12** The remuneration plans for directors of the Company proposed by the Remuneration Committee are subject to consent by the Board and consideration and approval of the shareholders' meeting; the remuneration allocation plans for senior management are subject to approval by the Board.

#### **CHAPTER 4 DECISION-MAKING PROCEDURES**

**Article 13** The working group under the Remuneration Committee is responsible for preliminary preparation of matters to be studied by the Remuneration Committee and provision of relevant information to the committee:

- (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;
- (III) to provide information on the achievement of indicators involved in the job performance appraisal system for directors and senior management;
- (IV) to provide information on performance of directors and senior management 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 14** Procedures for appraising directors and senior management by the Remuneration Committee are as follows:

- (I) directors and senior management of the Company shall make a presentation and self-evaluation to the Remuneration Committee of the Board;
- (II) the Remuneration Committee shall evaluate the performance of directors and senior management 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 Remuneration Committee shall propose the amount of remuneration and the methods of reward for directors and senior management, and upon its approval by voting, submit the same to the Board of the Company.

**Article 15** If necessary, the Remuneration Committee may engage an intermediary institution to provide professional advice for its decision-making at the Company's expense.

## CHAPTER 5 RULES OF PROCEDURE

**Article 16** The Remuneration Committee shall hold at least one meeting annually, and convene an interim meeting based on the proposal of the members, and all members shall be notified three days prior to convening. When the notice is given by telephone, email or other prompt means of communication, the person being notified shall be deemed to have received the notice of the meeting if no written objection is received within two days from the date of giving the notice. Meetings shall be presided over by the convenor. If the convenor is unable to attend, he/she may authorize another member (who shall be an independent non-executive director) to preside.

**Article 17** A meeting of the Remuneration Committee shall not be held unless more than two-thirds 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 18** The voting method for a meeting of the Remuneration Committee shall be by a show of hands; and interim meetings may be convened by means of communication vote.

**Article 19** The Board secretary and the head of the human resources department shall observe the meetings of the Remuneration Committee. When necessary, the Remuneration Committee may invite directors and senior management of the Company to observe the meetings.

**Article 20** When issues related to committee members are under discussion at the meetings of the Remuneration Committee, the parties involved should abstain from the discussion.

**Article 21** The procedures for convening the meetings of the Remuneration Committee, the voting method and the remuneration policies and allocation plans passed at the meetings shall comply with relevant laws, regulations, the Articles of Association and the provisions of these terms of reference.

**Article 22** Meetings of the Remuneration Committee shall be recorded and the minutes shall be signed by the members present at the meeting; the minutes shall be kept by the Company's Board secretary.

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

**Article 24** Members attending the meeting are under a duty of confidentiality with respect to the proceedings of the meeting and shall not disclose the relevant information without authorization.

## CHAPTER 6 SUPPLEMENTARY PROVISIONS

**Article 25** The chairman of the Remuneration Committee or in his absence, another member of the Remuneration Committee or failing this, their duly appointed delegate, shall attend the annual general meeting (the “AGM”) of the Company and be prepared to respond to questions at the AGM on the Remuneration Committee’s work and responsibilities.

**Article 26** These terms of reference shall come into effect from the date of the resolution adopted by the Board and the date when the Company’s publicly issued H shares are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited.

**Article 27** Matters not covered in these terms of reference shall be implemented in accordance with the relevant national laws, regulations, the Listing Rules and the Articles of Association. Should these terms of reference conflict with national laws, regulations, the Listing Rules or the Articles of Association as lawfully amended in the future, the provisions of the relevant national laws, regulations, the Listing Rules and the Articles of Association shall prevail, and these terms of reference shall be immediately revised and submitted to the Board for consideration and approval.

**Article 28** These terms of reference shall be interpreted by the Board.

(No text below)

**SHENZHEN LDROBOT CO., LTD**