



LONGCHEER

Shanghai Longcheer Technology Co., Ltd.

上海龍旗科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 9611)

The Implementation Rules of the Remuneration and Assessment Committee of the Board

Chapter I General Provisions

Article 1 To further establish a sound assessment and remuneration management system for directors (non-independent directors) and senior management of Shanghai Longcheer Technology Co., Ltd. (the “Company”), and improve the Company’s corporate governance structure, the Company hereby established the Remuneration and Assessment Committee of the Board and formulated these Rules, in accordance with relevant provisions under the Company Law of the PRC, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No.1 – Standardized Operation, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other laws, administrative regulations and normative documents, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association of Shanghai Longcheer Technology Co., Ltd. (the “Articles of Association”) and in the light of the Company’s actual situation.

Article 2 The Remuneration and Assessment Committee is a special working body established by the Board, which is mainly responsible for 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. The Committee is accountable to the Board.

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

Chapter II Composition

Article 4 The Remuneration and Assessment Committee shall be comprised of three directors, the majority of whom shall be independent directors.

Article 5 The members of the Remuneration and Assessment Committee shall be nominated by the chairman of the Board, more than one-half of the independent directors or one-third of all directors, and shall be elected by the Board.

Article 6 The Remuneration and Assessment Committee shall have one chairperson (convener), who shall be an independent director responsible for presiding over the work of the Committee. The chairperson shall be elected from among the members and be submitted to the Board for approval. When the chairperson (convenor) is unable or incapable of performing his/her duties, he/she may delegate another independent director member to perform the duties on his/her behalf.

Article 7 The term of office of the Remuneration and Assessment Committee is the same as that of the Board, and members may be re-elected upon expiration of their terms of office. If a member ceases to serve as a director of the Company during the term, he/she shall cease to be a member automatically, and the vacancy in the Committee shall be filled in accordance with the provisions of Articles 4 to 6 above by the Committee.

Chapter III Duties and Authorities

Article 8 The Remuneration and Assessment Committee of the Board 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 making recommendations to the Board on the following matters:

- (i) to make recommendations to the Board on the Company's remuneration policies and structures for all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies;
- (ii) to review and approve the management's recommendations on remuneration with reference to the Board's corporate goals and objectives;
- (iii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, which shall include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment;
- (iv) to make recommendations to the Board on the remuneration of non-executive directors;
- (v) to consider remuneration paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (vi) to evaluate the performance and fulfillment of duties by executive directors;
- (vii) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that such compensation is consistent with contractual terms and is otherwise fair, reasonable and not excessive;

- (viii) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate;
- (ix) to ensure that no directors or any of their associates are involved in deciding their own remuneration;
- (x) to establish, amend, review and/or approve equity incentive plans and employee stock ownership schemes, including the benefits granted to incentive recipients and the conditions for exercising such benefits; and shall explain why it considers the approval of such matters appropriate, the factors considered, and how the grant of such options or awards aligns with the plan's objectives (including how the grant of such options or awards aligns the interests of the grantee with those of the issuer and its shareholders);
- (xi) to arrange stock ownership schemes for directors and senior management in the subsidiaries proposed to be spun off;
- (xii) to approve the terms of service contracts for executive directors; to express an opinion on service contracts for directors requiring an approval from shareholders, and inform shareholders whether the terms are fair and reasonable; to provide an opinion on whether such contracts are in the interests of the issuer and its shareholders as a whole, and advise shareholders (other than those who are directors with a material interest in such service contracts and their associates) on how to vote; and
- (xiii) other matters required by laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If the Board does not adopt or does not fully adopt the recommendations of the Remuneration and Assessment Committee, it shall record the opinion of the Remuneration and Assessment Committee and the specific reasons for not adopting in the resolution of the Board and disclose the same.

Article 9 The Board has the power to veto remuneration plans or programs that are detrimental to the interests of shareholders.

Article 10 The remuneration plan for directors of the Company proposed by the Remuneration and Assessment 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.

Article 11 The Remuneration and Assessment Committee shall be provided with sufficient resources to perform its duties.

Article 12 The Company shall disclose the remuneration policies for directors in its annual report, detailing remuneration of senior management by remuneration tier and other remuneration-related matters.

Article 13 The Remuneration and Assessment Committee shall express separate opinions on whether employee stock ownership schemes benefit the Company's sustainable development, whether they harm the interests of the Company and all shareholders, and whether the Company forces employees to participate in its stock ownership schemes through apportionment, mandatory allocation, or other means.

Chapter IV Decision-making Procedures

Article 14 When the Remuneration and Assessment Committee performs its duties, the Company shall provide relevant written materials, including but not limited to:

- (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 the fulfillment of 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; and
- (v) the basis for relevant measurement and calculation adopted in the formulation of remuneration distribution plans and distribution methods of the Company.

Article 15 The procedures for assessing directors and senior management adopted by the Remuneration and Assessment Committee include:

- (i) the directors and senior management of the Company shall report their work and make self-assessments to the Remuneration and Assessment Committee of the Board;
- (ii) the Remuneration and Assessment Committee shall carry out performance assessments of the directors and senior management according to the performance assessment standards and procedures; and
- (iii) the Remuneration and Assessment 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 of the Company after they are passed by voting.

Chapter V Rules of Procedure

Article 16 The Remuneration and Assessment Committee shall convene meetings as required by the Company, and all members shall be notified via fax, mail, email or other means at least five days prior to the meeting. Meetings shall be presided over by the chairperson. If the chairperson is unable to attend, he/she may delegate another member (an independent director) to preside.

In urgent circumstances, meetings of the Remuneration and Assessment Committee may be convened at any time, and members may issue meeting notices via telephone, WeChat, or other verbal means at any time, but the convener shall provide an explanation at the meeting.

Article 17 The meeting of the Remuneration and Assessment Committee shall be held only when more than two-thirds of the members are present; each member shall have one vote; resolutions made at the meeting must be passed by a majority of all members.

Members unable to attend meetings in person may authorize another member in writing to attend and exercise their voting rights on their behalf. The power of attorney shall clearly specify the scope and duration of the authorization and express in writing the member's voting opinion on the matters under consideration. Each member may accept authorization from no more than one other member.

Article 18 Meetings of the Remuneration and Assessment Committee may be conducted either in person or through telecommunications. Voting shall be conducted by a show of hands or by poll.

Article 19 The directors and senior management of the Company may be invited to attend the meeting of the Remuneration and Assessment Committee when necessary.

Article 20 Where necessary, the Remuneration and Assessment Committee may engage intermediaries to provide professional advice for its decisions, and the cost shall be borne by the Company.

Article 21 When the meeting of the Remuneration and Assessment Committee discusses a topic related to the members of the Committee, the interested members shall abstain from the discussion.

Article 22 Meetings of the Remuneration and Assessment Committee shall be recorded, and the members attending the meeting shall sign the minutes of the meeting, which shall be kept by the Board secretary of the Company.

Article 23 The resolutions and poll results passed at the meeting of the Remuneration and Assessment Committee shall be reported in writing to the Board of the Company.

Article 24 Members attending the meeting shall be obliged to keep confidentiality regarding the matters discussed at the meeting, and shall not disclose relevant information without authorization.

Article 25 The convening procedures, voting methods and remuneration policies and distribution plans passed at the meeting of the Remuneration and Assessment Committee must comply with requirements under relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and these Rules.

Article 26 The chairperson (convenor) of the Remuneration and Assessment Committee shall actively attend annual general meetings (if absent, another member or his/her duly appointed representative shall attend instead) and respond to questions raised at the meeting.

Chapter VI Supplementary Provisions

Article 27 These Rules shall be effective and implemented from the date of the Company's initial public offering of H shares and listing on the Stock Exchange of Hong Kong Limited, following the passing of the resolution of the Board.

Article 28 In these Rules, the terms "more than" and "within" include the given figure; the term "over" does not include the given figure.

Article 29 In these Rules, the term "independent director" shall have the same meaning as "independent non-executive director" in the Hong Kong Listing Rules.

Article 30 The matters not covered in these Rules shall be implemented in accordance with the relevant national laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. In case of any conflicts between these Rules and any laws, administrative regulations, departmental rules, normative documents to be promulgated by the state in the future, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association as amended under lawful procedures, the relevant laws, administrative regulations, departmental rules, normative documents promulgated by the state, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association shall prevail.

Article 31 The right to interpret these Rules shall reside with the Board.