

Lens Technology Co., Ltd.

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

Chapter I General Provisions

Article 1 In order to establish the appraisal and remuneration management system for the directors and senior management of Lens Technology Co., Ltd. (hereinafter referred to as the “Company”) and to further improve the corporate governance structure, the board of directors of the Company (the “Board”) has, in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China, the Code on Corporate Governance for 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”) and other laws, regulations, regulatory documents and the Articles of Association of Lens Technology Co., Ltd. (hereinafter referred to as the “Articles of Association”), these Terms of Reference formulated.

Article 2 The Remuneration and Appraisal Committee is a specialised working body under the Board, which is mainly responsible for researching and formulating the appraisal criteria for the directors and senior management of the Company, conducting appraisals and making recommendations; and researching, formulating and reviewing the remuneration policies and plans for the directors and senior management of the Company.

Article 3 The senior management referred to in these Terms of Reference refers to the general manager, deputy general manager, financial controller, secretary of the Board appointed by the Board and other senior management personnel as determined by the Board, and the directors who are not remunerated by the Company are excluded from the scope of appraisal of these Terms of Reference.

Chapter II Formation and Composition

Article 4 The Remuneration and Appraisal Committee shall consist of three directors, including two independent non-executive directors.

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

Article 6 The Remuneration and Appraisal Committee shall have a chairperson (convenor), who shall be an independent non-executive director, and shall be responsible for presiding over the work of the Committee; the chairperson (convenor) shall be elected by more than half of the members of the Committee and shall be submitted to the Board for approval.

Article 7 The term of office of the members of the Remuneration and Appraisal Committee shall be the same as that of his/her directorship. After the term expires, members can be re-elected.

Before the expiry of the term of office of a member, he/she shall not be removed from office without cause, unless he/she is prohibited from holding office under the provisions of the Company Law, the Articles of Association, the Hong Kong Listing Rules or these Terms of Reference. If any member ceases to serve as a director of the Company during the period due to resignation or other reasons, his/her membership shall be automatically forfeited from the time he/she ceases to be a director. The Board shall add new members in accordance with the Articles of Association and these Terms of Reference.

In the event that the number of members of the Remuneration and Appraisal Committee falls below two-thirds of the prescribed number due to resignation, removal or other reasons, the Board of the Company shall appoint new members as soon as possible. During the period when the number of members of the Remuneration and Appraisal Committee is less than two-thirds of the prescribed number, the Remuneration and Appraisal Committee shall suspend the exercise of its powers and functions as stipulated in these Terms of Reference.

Article 8 A member of the Remuneration and Appraisal Committee who neither attends the meeting in person nor delegates another member to attend the meeting on his/her behalf shall be deemed to be absent from the relevant meeting. If a member of the Remuneration and Appraisal Committee is absent from two consecutive meetings, he/she shall be deemed to have failed to properly perform his/her duties, and the Board may revoke his/her membership.

Article 9 The Remuneration and Appraisal Committee shall establish a working group, headed by the secretary of the Board, with one or two staff members, who shall be specifically responsible for providing information on the Company's relevant business operations and relevant information on the appraisees, preparing for the meetings of the Remuneration and Appraisal Committee, and implementing the relevant decisions of the Remuneration and Appraisal Committee. The human resources department and the finance department of the Company shall co-operate with the work of the Remuneration and Appraisal Committee and implement the relevant decisions of the Remuneration and Appraisal Committee.

Chapter III Duties and Authorities

Article 10 The main duties and authorities of the Remuneration and Appraisal Committee are as follows:

- (1) to formulate 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 peer enterprises;
- (2) the remuneration programmes or plans shall mainly include, but are not limited to, performance appraisal criteria, procedures and major appraisal systems, and major plans and systems of rewards and penalties;

- (3) to review the performance of the directors and senior management of the Company in discharging their duties and conduct their annual performance appraisals;
- (4) to supervise the implementation of the Company's remuneration system;
- (5) to formulate or change of share incentive schemes (including matters relating to share options or share award schemes as referred to in Chapter 17 of the Hong Kong Listing Rules), employee stock ownership plans, the granting of benefits to incentive recipients and the fulfilment of the conditions for exercising such benefits;
- (6) to arrange stock ownership plans for directors and senior management of subsidiaries to be spun off;
- (7) to ensure that no director or any of his associates (as defined in Rules 14A.12 and 14A.13 of the Hong Kong Listing Rules) is involved in deciding his/her own remuneration;
- (8) 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 remuneration policy;
- (9) to review and approve the remuneration proposals for the management in the light of the corporate policies and objectives set by the Board;
- (10) to be authorised by the Board to determine, or 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);
- (11) to make recommendations to the Board on the remuneration of non-executive directors;
- (12) to consider factors 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 Company;
- (13) 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;
- (14) 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;
- (15) other matters stipulated by other laws and regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, and authorised by the Board.

Article 11 The Board has the right to reject remuneration programmes or plans that are detrimental to the interests of shareholders.

Article 12 The remuneration programmes for directors of the Company proposed by the Remuneration and Appraisal Committee shall be submitted to the Board for approval and submitted to the shareholders' meeting for consideration and approval before implementation; the remuneration and allocation plan for senior management of the Company shall be submitted to the Board for approval before implementation.

Article 13 The Remuneration and Appraisal Committee shall be responsible to the Board and the proposals of the Committee shall be submitted to the Board for consideration and decision.

If 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 non-adoption in the resolution of the Board and disclose the same.

Chapter IV Notification and Convening

Article 14 The meetings of the Remuneration and Appraisal Committee shall be convened as a plenary meeting of the Committee on a regular or irregular basis according to the needs of the work. The chairperson (convenor) shall notify all members of the convening of the meeting three days in advance by personal delivery, fax, e-mail, post or other means, and in case of emergency, the time and method of notification may not be restricted as aforesaid.

Article 15 Members of the Remuneration and Appraisal Committee may attend the meeting in person or entrust other members in writing to attend the meeting and exercise their voting rights on their behalf. If a member of the Remuneration and Appraisal Committee entrusts another member to attend the meeting and exercise the right to vote on his/her behalf, he/she shall submit a power of attorney to the presiding officer of the meeting. The power of attorney shall be submitted to the presiding officer of the meeting no later than the voting time of the meeting.

Article 16 The meeting shall be convened and chaired by the chairperson (convenor), and in the event that the chairperson (convenor) is unable to or does not fulfil his/her duties, another independent non-executive director member shall chair the meeting.

Article 17 The meeting of the Remuneration and Appraisal Committee shall be held with the attendance of more than two-thirds of the members; each member shall have one vote; and the resolutions made at the meeting shall be passed by a majority of all the members. If there are any objections, the opinions of the members voting against the resolution shall be filed.

Article 18 Meetings of the Remuneration and Appraisal Committee may be held either in the form of an on-site meeting or by means of a communication vote in an off-site meeting. In the case of communication voting means, members of the Remuneration and Appraisal Committee shall be deemed to have attended the relevant meeting and agreed to the contents of the resolutions of the meeting by signing on the resolutions of the meeting.

Article 19 The Remuneration and Appraisal Committee may invite other directors, senior management of the Company to attend the meeting if it considers necessary.

Article 20 If necessary, the Remuneration and Appraisal Committee may engage an intermediary to provide professional advice for its decision-making at the Company's expense.

Article 21 The procedures for convening the meetings of the Remuneration and Appraisal Committee, the voting method and the proposals passed at the meetings shall comply with the relevant laws and regulations, the rules of the securities regulatory authorities of the places where the Company's shares are listed, the Articles of Association and these Terms of Reference.

Article 22 The meetings of the Remuneration and Appraisal Committee shall be recorded and the members present shall sign the minutes; the members present shall have the right to request that a descriptive entry be made in the minutes of their speeches made at the meeting; and the minutes shall be kept by the secretary of the Board of the Company. The period of retention shall not be less than ten years during the existence of the Company. Draft and final versions of the minutes shall be sent to all members of the Committee within a reasonable period of time after the meeting, the draft for members to express their views and the final version for their records. The directors of the Company may inspect the minutes at a reasonable time on reasonable notice.

Article 23 The proposals and voting results passed at the meetings of the Remuneration and Appraisal Committee shall be reported in writing to the Board of the Company, and such resolutions shall be submitted to the Board of the Company for consideration and adoption.

Article 24 Members and attendees 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 authorisation.

Article 25 If a member of the Remuneration and Appraisal Committee has a direct or indirect interest in the agenda item of the meeting, the member shall recuse himself/herself from voting on the relevant proposal. If, after the disqualification of the interested member, the number of members present at the meeting is less than the number specified in these Terms of Reference, a resolution shall be made by all members (including the interested member) to transfer the resolution to the Board of the Company for consideration.

Article 26 The minutes of the Remuneration and Appraisal Committee meetings and the resolutions of the meetings shall state the circumstances such as the number of members not counted in the quorum due to interested members, and the reasons for not taking part in the voting.

Chapter V Decision-making Procedures

Article 27 The working group under the Remuneration and Appraisal Committee is responsible for the preliminary preparation of the Committee's decision-making and the provision of information on relevant aspects of the Company:

- (1) achievement of the Company's major financial indicators and operating targets;
- (2) the main responsibilities and scope of work of the Company's senior management;
- (3) completion of the indicators involved in the performance appraisal system for the positions of the directors and senior managers;
- (4) the business performance of the directors and senior management in terms of their business innovation and profit-making ability;
- (5) basis of measurement for planning and allocating the Company's remuneration based on the Company's performance;
- (6) basis for formulating or changing the share incentive scheme and employee share ownership plan, such as relevant laws and regulations, comparable companies in the same industry and other cases in the market;
- (7) conditions under which the incentive recipients are granted and exercise their rights and interests;
- (8) other relevant data and information to assist the Committee in its decision-making.

Article 28 Procedures for the appraisal of directors and senior management by the Remuneration and Appraisal Committee:

- (1) directors and senior management of the Company made a presentation and self-appraisal of their duties to the Remuneration and Appraisal Committee;
- (2) the Remuneration and Appraisal Committee appraises the performance of directors and senior management in accordance with the performance appraisal criteria and procedures;
- (3) proposes the amount of remuneration and incentives for directors and senior management based on the results of job performance appraisal and the remuneration allocation policy, and submits them to the Board of the Company for approval after voting.

Chapter VI Supplementary Provisions

Article 29 Matters not covered in these Terms of Reference shall be implemented in accordance with relevant laws and regulations of the State, relevant provisions of the securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association. In the event of any inconsistency between these Terms of Reference and the relevant laws and regulations, the relevant provisions of the securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association, these Terms of Reference shall be implemented in accordance with the relevant laws and regulations, the relevant provisions of the securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association.

Article 30 Capitalised terms used in these Terms of Reference shall have the same meanings as those used in the Articles of Association unless otherwise required in these Terms of Reference.

Article 31 The Board of the Company shall be responsible for the interpretation of these Terms of Reference.

Article 32 These Terms of Reference shall take effect after being considered and approved by the Board.

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August 2025