



Lygend Resources & Technology Co., Ltd.

宁波力勤资源科技股份有限公司

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

(Stock Code: 2245)

Terms of Reference of the Remuneration Committee of the Board of Directors

Chapter 1 General Provisions

Article 1 Lygend Resources & Technology Co., Ltd. (the “**Company**”) establishes the Remuneration Committee of the board of directors (the “**Committee**”) and formulates these Terms of Reference in order to establish and improve the remuneration policy for directors and senior management, to formulate a scientific, effective, formal and transparent remuneration management system, to evaluate the performance of executive directors and approve the terms of service contracts of executive directors, to implement the Company’s talent development and utilization strategy and to improve the corporate governance structure, in accordance with the Company Law of the People’s Republic of China, the Articles of Association of Lygend Resources & Technology Co., Ltd. (the “**Articles of Association**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and other relevant regulations.

Article 2 The Committee is a special committee under the board of directors of the Company (the “**Board**”) to review the remuneration policy and make recommendations to the Board on remuneration packages of the group’s directors and senior management, and is directly accountable to the Board of the Company.

Chapter 2 Composition

Article 3 The Committee shall consist of three or more directors, a majority of whom should be independent non-executive directors.

Article 4 Members of the Committee shall be appointed by the Board.

Article 5 The Committee shall have a chairman who shall be an independent non-executive director and shall be responsible for taking charge of the work of the Committee. The chairman of the Committee shall be designated by the Board.

Article 6 The term of office of the Committee shall be the same as that of the Board, eligible for reappointment if re-elected upon expiry of term. If any member ceases to serve as a director during this period, he/she shall automatically lose his/her qualification as a Committee member.

Chapter 3 Duties and Authorities

Article 7 Main duties and authorities of the Committee include:–

1. to make recommendations to the Board on the Company’s policy and structure for all directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. to review and approve management’s remuneration proposals with reference to the Board’s corporate goals and objectives; to make recommendations to the Board on the remuneration packages (including benefits-in-kind, pension entitlements and compensation amounts, including compensation for loss or termination of office or appointment) of individual executive directors and senior management;
3. to make recommendations to the Board on the remuneration of non-executive directors;
4. to consider the remuneration paid by comparable companies, time commitment and responsibilities required and employment conditions of other positions in the group;
5. to review and approve the compensation payable to executive directors and senior management in connection with their loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
6. 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;
7. to ensure that no director or any of their associates (as defined in the Listing Rules) is involved in deciding his or her own remuneration;
8. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and
9. such other matters as may be delegated by the Board.

Article 8 The Committee shall consult the chairman of the Board and/or the chief executive on the proposed remuneration of the other executive directors. If necessary, the Committee shall be able to seek independent professional advice.

Article 9 The remuneration plan of directors of the Company proposed by the Committee shall be submitted to the Board for consideration and decision. If it is required to be considered by shareholders at the general meeting in accordance with laws and regulations (including the Listing Rules) and other regulatory documents or the Articles of Association, the same shall be submitted to the general meeting of shareholders for consideration and approval after being agreed to by the Board. The remuneration allocation plan for the Company’s managers shall be submitted to the Board for approval.

Article 10 The Committee shall report regularly to the Board and its chairman shall report its decisions or recommendations to the Board at the next Board meeting following the Committee's meeting, unless the Committee is prevented from doing so by legal or regulatory restrictions (such as restrictions on disclosure due to regulatory requirements).

Article 11 The disclosure of the directors' remuneration policy, details of any remuneration payable to members of senior management by band and other remuneration related matters in the Company's annual report are subject to the approval of the Committee.

Article 12 The Committee is authorized by the Board to act under its terms of reference and may obtain any information it requires from employees of the Company; all employees shall cooperate upon the request of the Committee.

Article 13 The Committee shall seek independent professional advice from intermediaries as it deems necessary at the Company's expense.

Article 14 The Committee shall be provided with sufficient resources by the Company to perform its duties.

Chapter 4 Decision-making Procedures

Article 15 The working group under the Committee is responsible for preliminary preparation of the decision-making of the Remuneration Committee, providing information on relevant aspects of the Company:–

1. information on the achievement of the Company's main financial indicators and business goals;
2. information on the scope of work and main responsibilities of the Company's senior management;
3. information on the achievement of indicators involved in the job work performance appraisal system for directors and senior management;
4. information on performance of directors and senior management in terms of their ability to innovate in business and generate profits; and
5. relevant calculation basis for formulating the Company's remuneration allocation plan and allocation method based on the Company's performance.

Article 16 Procedures for the Committee's appraisal of directors and senior management are as follows:

1. Directors and senior management of the Company to make a presentation and self-evaluation to the Committee;
2. The Committee evaluates performance of directors and senior management in accordance with the performance evaluation standards and procedures; and

3. Based on the results of the job performance evaluation and the remuneration allocation policy, the Committee proposes and votes on the amount of remuneration and the methods of reward for directors and senior management, and upon its approval, submits the same to the Board of the Company for consideration.

Chapter 5 Rules of Procedure

Article 17 The Committee shall hold regular meetings at least once a year or as frequently as required by other regulatory provisions applicable to the Company from time to time. The Committee may hold ad hoc meetings as needed upon the request of member(s) of the Committee. The chairman of the Committee shall give at least three days' prior notice and send the agenda and all relevant meeting documents to all members in a timely manner. The meeting shall be chaired by the chairman of the Committee, who may delegate another member (an independent non-executive director) to chair the meeting if he/she is unable to do so.

Article 18 The meetings of the Committee shall be held in the presence of at least two members (including at least one independent non-executive director), each of whom shall have one vote; resolutions made at the meetings shall be passed by a majority of all members; in the event of an equal number of affirmative and negative votes, the chairman of the Committee shall have the right to cast one more vote.

Article 19 The meeting of the Committee may be held on site or by means of communication, and the voting shall be by ballot.

Article 20 When deemed necessary, the Committee may invite directors, supervisors, senior management, and heads of relevant departments to attend the meetings.

Article 21 If any member of the Committee has an interest in the issues or matters discussed at the meeting (such as the determination of the remuneration of the Committee members themselves), he/she shall abstain from discussion and voting. If no effective agreement can be formed from discussion due to such abstention, relevant matters shall be considered directly by the Board.

Article 22 The procedures for convening meetings, the voting methods and the resolutions passed at the meetings of the Committee shall comply with relevant laws and regulations, the Listing Rules, the Articles of Association and these Terms of Reference.

Article 23 The Committee shall take minutes of its meetings, recording the following contents: date, time, venue, chairperson and attendees of the meeting, agenda of the meeting, and voting results of each matter. Complete minutes shall be kept by the duly appointed secretary of the meeting (usually the Company secretary). Draft and final versions of the minutes shall be sent to all members of the Committee for their comments and records, respectively, within a reasonable period of time after the meeting. The minutes shall record in sufficient detail the matters considered and decisions reached at the meeting, and shall include any doubts raised or objections expressed by the members.

Article 24 The resolutions and voting results of the Committee meetings shall be reported in writing to the Board.

Article 25 All persons attending the meeting shall be obligated to keep the matters discussed thereat confidential and shall not disclose relevant information without authorization.

Chapter 6 Supplementary Provisions

Article 26 These Terms of Reference shall take effect as of the date when they are approved by the Board by resolution.

Article 27 Any matters not covered hereunder shall be subject to the provisions of relevant national laws, regulations, other regulatory documents, the Listing Rules and the Articles of Association; if these Terms of Reference are in conflict with the national laws, regulations, other regulatory documents promulgated in the future, or the Listing Rules or the Articles of Association as amended by lawful procedures, the latter shall prevail and amendments to these Terms of Reference shall be made immediately and submitted to the Board for consideration and adoption.

Article 28 The Board shall be responsible for the interpretation of and amendment to these Terms of Reference.

Article 29 The Committee shall disclose its terms of reference, explain its role and the powers delegated by the Board on the website of the Stock Exchange and the website of the Company.

Article 30 These Terms of Reference are written in Chinese, and in case of any discrepancy between the version in any other language and the Chinese version, the Chinese version shall prevail.