Suzhou Dongshan Precision Manufacturing Co., Ltd.

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

(Applicable after the issuance and listing of H shares)

Chapter 1 General Provisions

Article 1 To further establish and improve the performance evaluation and compensation management system for directors (non-independent directors) and senior management of Suzhou Dongshan Precision Manufacturing Co., Ltd. (the Company), and enhance the Company's corporate governance structure, the Company has established the Remuneration and Appraisal Committee and formulated these Rules in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, the Shenzhen Stock Exchange Self-Regulatory Guidance No. 1 — Standardized Operations of Main Board Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Hong Kong Listing Rules), the Articles of Association of Suzhou Dongshan Precision Manufacturing Co., Ltd. (the Articles of Association), and other relevant provisions.

Article 2 The Remuneration and Appraisal Committee is a specialized working body established by the Board of Directors. It is primarily responsible for formulating evaluation criteria for the Company's directors and senior management, conducting evaluations, and making recommendations, studying and reviewing the Company's compensation policies and plans for directors and senior management, and reports to the Board of Directors.

Article 3 For the purposes of these Rules, "director" refers to a director who receives remuneration from the Company, and "senior management" refers to the General Manager, Executive President, Deputy General Managers, Secretary of the Board, Chief Financial Officer, and other senior management personnel as determined by the Board of Directors.

Chapter 2 Composition

Article 4 The Remuneration and Appraisal Committee shall consist of three to five directors, a majority of whom shall be independent directors.

Article 5 The Remuneration and Appraisal Committee shall have one Chairperson (Convener), who shall be an independent director and responsible for presiding over the Committee's work.

Article 6 The Remuneration and Appraisal Committee shall have the same tenure as the Board. The members may be re-elected upon the expiration of the term of office. If, during this period, a committee member ceases to serve as a director of the Company, such member shall automatically lose his/her committee membership, and the Company shall fill the vacancy in accordance with the relevant legal procedures.

Article 7 The Remuneration and Appraisal Committee member may resign by submitting a resignation report to the Board prior to the expiry of his/her term of office, provided that the resignation report shall state clearly the reason for resignation and the matters requiring the attention of the Board.

Chapter 3 Duties and Authorities

Article 8 The Remuneration and Appraisal Committee is responsible for formulating appraisal standards for directors and senior management and conducting appraisals, formulating and reviewing remuneration policies and programs such as the mechanism for determining the remuneration of directors and senior management, the decision-making process, and the arrangements for payment and stoppage of recourse, and possesses the following duties and authorities:

(I) to develop remuneration plans or schemes based on the primary scope, responsibilities, and importance of the positions held by directors and senior management, as well as the remuneration levels for comparable positions at peer companies;

(II) the remuneration plans or schemes mainly include, but are not limited to, performance evaluation criteria, procedures, and the main evaluation system, as well as the main reward and disciplinary schemes and systems;

(III) to review the performance of the directors and senior management and conduct annual performance evaluations of them;

(IV) to supervise the implementation of the Company's remuneration system;

(V) to develop or amend equity incentive plans (including matters relating to stock option or share award schemes as described in Chapter 17 of the Hong Kong Listing Rules) or employee stock ownership plans, and the fulfillment of the conditions under which participants are granted or exercise their rights;

(VI) to arrange a stock ownership plan for directors and senior management in connection with the proposed spin-off of a subsidiary;

(VII) 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) participates in determining his or her own remuneration;

(VIII) to study the remuneration policy and structure for directors and senior management, and make recommendations to the Board on the establishment of a formal and transparent procedure for the formulation of remuneration policies;

(IX) to review and approve the management's remuneration proposals with reference to the corporate policies and objectives developed by the Board;

(X) to determine, under authorization, the specific remuneration packages for individual executive directors and members of senior management, or to make recommendations to the Board of Directors regarding the remuneration packages for individual executive directors and members of senior management;

(XI) to make recommendations to the Board on the remuneration of non-executive directors;

(XII) to deliberate various factors, such as remuneration paid by comparable companies, the time and responsibilities required of directors and senior management, and the terms of employment for other positions within the Group;

(XIII) to review and approve compensation payable to executive directors and senior management in connection with the loss or termination of their positions or appointments to ensure that such compensation is consistent with the terms of their contracts, or is otherwise fair and not excessive if it is not consistent with the contract terms;

(XIV) to review and approve the compensation arrangements arising from the dismissal of certain directors or removal of certain directors from office due to the misconduct of the directors to ensure that the arrangements are consistent with the terms of the contract or the compensation is reasonable and appropriate if they are not consistent with the contract terms;

(XV) other matters specified in laws, administrative regulations, requirements of the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

If the Board of Directors does not adopt, or does not fully adopt, the recommendations of the Remuneration and Appraisal Committee, it shall record the Committee's opinions and the specific reasons for non-adoption in the Board resolution and disclose such information.

The remuneration plan for the Directors proposed by the Remuneration and Appraisal Committee shall be submitted to the Board of Directors for approval and submitted to the shareholders' meetings for deliberation and approval before implementation. The remuneration distribution plan for the senior management of the Company shall be submitted to the Board of Directors for approval.

Article 9 The Remuneration and Appraisal Committee shall be accountable to the Board. Its proposals shall be submitted to the Board for deliberation and decision.

Chapter 4 Rules of Procedures

Article 10 The Board of Directors, the Convener, or a majority of the committee members have the right to propose the convening of a meeting of the Remuneration and Appraisal Committee.

Article 11 Notice of Remuneration and Appraisal Committee meetings shall be provided to all members five days prior to the meeting. The aforementioned notice period may be waived if all members unanimously agree.

Article 12 Meetings of the Remuneration and Appraisal Committee shall be presided over by the convener; if the convener is unable to attend a meeting, he or she may delegate another member to preside.

Article 13 A meeting of the Remuneration and Appraisal Committee may be held only if a majority of all members are present. If a committee member has a conflict of interest regarding a matter under discussion at the meeting, he or she shall recuse himself or herself; if a valid deliberation cannot be reached due to such recusal, the relevant matter shall be deliberated directly by the Board of Directors.

Article 14 If a member of the Remuneration and Appraisal Committee authorizes another member to attend a meeting on his or her behalf and exercise voting rights, he or she shall submit a letter of authorization to the meeting convener; such letter of authorization shall be submitted to the meeting convener no later than before the vote is taken at the meeting.

Article 15 If a member of the Remuneration and Appraisal Committee neither attends the meeting in person nor delegates another member to attend on his or her behalf, it shall be regarded as absence from the relevant meeting. A member who fails to attend two consecutive meetings shall be deemed unable to properly perform his or her duties, and the Board of Directors shall have the right to remove him or her from office.

Article 16 Meetings of the Remuneration and Appraisal Committee may be held in person, via communications, or by other means. Voting at meetings of the Remuneration and Appraisal Committee may be conducted by a show of hands or by ballot. Each member shall have the voting right of one vote. The meeting resolutions shall be adopted by more than half of all the members.

Article 17 The Remuneration and Appraisal Committee may seek professional advice from intermediaries for its decisions if necessary, with the cost assumed by the Company.

Article 18 The procedures for convening meetings of the Remuneration and Appraisal Committee, the voting method and the resolutions adopted at the meetings shall 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 Rules.

Article 19 The Remuneration and Appraisal Committee meeting shall have meeting minutes, which shall be signed by the members attending the meeting. The meeting minutes shall be maintained by the Secretary of the Board for a period of not less than ten years. The draft and final versions of the meeting minutes shall be sent to all committee members within a reasonable time after the meeting. The draft is provided for members to offer their comments, and the final version serves as their official record. Directors may inspect the meeting minutes at a reasonable time upon giving reasonable notice.

Article 20 The resolutions passed by the Remuneration and Appraisal Committee meeting and the voting results shall be reported to the Board of directors in written form.

Article 21 The Committee members present shall have the obligation of maintaining the confidentiality of the matters discussed at the meeting and shall not disclose any relevant information without authorization.

Chapter 5 Supplementary Provisions

Article 22 Unless otherwise expressly provided for in the relevant laws, regulations, normative documents, or the securities regulatory rules of the place where the Company’s shares are listed, the term “independent director” as used in these Rules shall include the meaning of “independent non-executive director” as defined in the Hong Kong Listing Rules.

Article 23 Any matters not covered by these Rules shall be handled in accordance with the relevant laws, regulations, normative documents, securities regulatory rules of the place where the Company’s shares are listed, and the relevant provisions of the Articles of Association. In the event of any inconsistency

between these Rules and the relevant laws, regulations, other normative documents, securities regulatory rules of the place where the Company's shares are listed, or the relevant provisions of the Articles of Association, the provisions of the relevant laws, regulations, other normative documents, and the Articles of Association shall prevail.

Article 24 These Rules shall be interpreted and amended by the Board.

Article 25 These Rules shall take effect on the date the Company's H shares are listed on The Stock Exchange of Hong Kong Limited, following their approval by the Board of Directors.