



**NEXCHIP SEMICONDUCTOR CORPORATION**  
**合肥晶合集成電路股份有限公司**

**TERMS OF REFERENCE OF THE  
REMUNERATION AND EVALUATION COMMITTEE**

(Applicable upon the issuance and listing of H Shares)

**Chapter 1 General Provisions**

**Article 1** To establish and further improve the performance evaluation and remuneration management system for directors and senior management of the Company, and to enhance the Company's corporate governance structure, the Company has established the Remuneration and Evaluation Committee (hereinafter referred to as the "Committee") under the Board of Directors as a specialized body responsible for formulating, managing, and evaluating the remuneration system for the Directors and senior management of the Company.

**Article 2** To ensure the regulated and efficient operation of the Committee, the Board of Directors of the Company has formulated these terms of reference in accordance with the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association and other relevant requirements.

**Chapter 2 Composition and Responsibilities**

**Article 3** The Committee shall comprise a minimum of three Directors with a majority of independent Directors.

**Article 4** The Committee shall have one convener, who shall be an independent Director and responsible for presiding over the work of the Committee.

**Article 5** The convener and members of the Committee shall be nominated by more than half of the independent Directors or more than one-third of all Directors, and shall be elected by the Board of Directors of the Company.

**Article 6** The term of office of the Committee shall be the same as that of the Board of Directors. Members may be re-elected upon expiration of their terms. If a member ceases to serve as a Director or independent Director of the Company during the term, to ensure that the composition of the Committee complies with these terms of reference, the Board of Directors shall promptly appoint an additional member to fill the vacancy in accordance with Article 5 hereof, and the term of office of the member so appointed shall expire at the end of the term for which such member serves as a Director or independent Director.

**Article 7** The secretary to the Board of Directors shall be responsible for the Committee's daily work, including routine liaison and meeting organization.

**Article 8** The Remuneration and Evaluation Committee shall be responsible for formulating appraisal standards for Directors and senior management and conducting appraisals, formulating and reviewing remuneration policies and plans for Directors and senior management, and making recommendations to the Board of Directors on the following:

- (I) remuneration of Directors and senior management (which shall include non-monetary benefits, pension entitlements, and compensation payments (including any compensation payable for loss or termination of their office or appointment));
- (II) to make recommendations to the Board of Directors concerning the Company's remuneration policy and structure for all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (III) to review and approve the proposals on management's remuneration in light of the corporate policies and objectives established by the Board of Directors;
- (IV) to consider remuneration paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (V) to review and approve the compensation payable to executive Directors and senior management for any loss or termination of their office or appointment, to ensure that such compensation is consistent with the contractual terms; where it is not consistent with the contractual terms, such compensation shall be fair and reasonable, and not excessive;
- (VI) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct, to ensure that such arrangements are consistent with the contractual terms; where they are not consistent with the contractual terms, the relevant compensation shall be reasonable and appropriate;
- (VII) to ensure that no Director or any of his/her associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) is involved in determining his/her own remuneration;

- (VIII) formulation of or amendment to equity incentive scheme or employee stock ownership plan (including matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited), including the entitlements of participants and the conditions for exercising such rights;
- (IX) arrangements for Directors and senior management to participate in shareholding plans of subsidiaries proposed for spin-off;
- (X) other matters stipulated by the laws, administrative regulations, the CSRC requirements, 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 Committee, it shall record the opinions of the Committee and the specific reasons for not adopting them in a resolution of the Board of Directors and disclose the same.

The Remuneration and Evaluation Committee shall consult the chairman of the Board of Directors and/or the general manager with respect to the remuneration proposals for other executive Directors. The Remuneration and Evaluation Committee may seek independent professional advice where necessary.

The Remuneration and Evaluation Committee shall disclose its terms of reference on the websites of The Stock Exchange of Hong Kong Limited and the Company, explaining its role and the powers delegated to it by the Board of Directors.

### **Chapter 3 Rules of Procedures**

**Article 9** The Committee shall convene meeting based on actual needs from time to time each year. The Board of Directors, convener or more than half of the members of the Committee shall have the right to propose the convening of an extraordinary meeting of the Committee.

**Article 10** A notice shall be given to all members along with relevant materials and information 3 days prior to the date of meeting of the Committee. The meeting shall be presided over by the convener. If the convener is unable to attend the meeting, he or she may appoint another member to preside over the meeting. In case of an urgent meeting is required to be convened due to special reasons, the above notification period can be exempt, but the convener shall make an explanation at the meeting.

**Article 11** The notice of meeting may be delivered in writing by hand, facsimile, registered mail or e-mail. In urgent case, the notice can be given by telephone, and such notice shall at least include the time and venue of the meeting, the manner to convene the meeting, as well as an explanation on the urgency to convene the meeting as soon as possible, and a supplementary written notice shall be delivered after the meeting.

**Article 12** A Committee meeting may only be held if more than half of the members are present. Members shall attend the Committee meetings in person. If a member is unable to attend the meeting for any reason, he/she may appoint another member in writing to attend and vote on his/her behalf.

**Article 13** In principle, meetings of the Committee shall be convened by way of onsite meetings. If all Directors present at the meeting can fully communicate and express their opinions, the meeting may be held by means of telephone conference, video conference, or written transmission and signature when necessary.

**Article 14** Votes may be made by a show of hands or by poll at a meeting of the Committee. Each member shall have one vote. Resolutions adopted at a meeting must be approved by a majority of all members. Any dissenting opinions of the members who voted against the resolution shall be filed for record.

**Article 15** When the Committee evaluates or discusses the individual remuneration of a Director, such member shall recuse himself/herself.

**Article 16** The procedures for abstaining from voting of the Committee are as follows:

- (I) An interested member shall take the initiative to apply for recusal, otherwise, other members shall have the right to request him/her to recuse;
- (II) When there is a dispute on the existence of an interested relationship, it shall be determined by a resolution passed by more than half of the other members present at the meeting except such member;
- (III) interested members shall not participate in discussion or vote on issues that should be abstained from, and shall temporarily leave the meeting or otherwise recuse;
- (IV) If the Committee is unable to pass a resolution on the proposed matter due to the recusal of interested members, the Committee shall resolve to submit such proposal to the Board of Directors for consideration, and submit the same to the Board of Directors for consideration in a timely manner. The Committee shall state in the resolution its consideration for such proposal when submitting to the Board of Directors for consideration, and shall record non-interested members' opinions on such proposal.

**Article 17** Where the matters passed at the meeting of the Committee fall within the scope of responsibility of the Board of Directors, it shall be submitted to the Board of Directors for consideration in writing.

**Article 18** The Committee may, when necessary, invite Directors, senior management and persons involved in relevant matters of consideration to attend the meeting.

**Article 19** The Committee will be provided sufficient resources to fulfill its duties. As necessary, the Committee may engage external experts to attend meetings at the Company's expense.

**Article 20** The external experts engaged by the Committee are mainly responsible for providing opinion and professional recommendation on the professional issues involved in the matters discussed at the meeting. The experts engaged by the Committee to attend the meeting have the right to make recommendations but do not have the right to vote.

**Article 21** Minutes shall be kept for meetings of the Committee. The draft and final versions of the minutes shall be sent to all Committee members within a reasonable period after the conclusion of the meeting, with the draft provided to members for their comments and the final version for record purposes. Members attending the meeting shall sign the minutes. Members attending the meeting have the right to request that an explanatory record of their statements at the meeting be made in the minutes. The minutes of the meetings of the Committee shall be kept together with the signature book of the members attending the meetings and the power of attorney for the attendance of the proxy as the files of the Company for a period of ten years. Minutes of meetings shall be properly kept by the secretary to the Board of Directors, and shall be made available for inspection by any Director upon reasonable notice in any reasonable timeframe.

**Article 22** Members and other participants attending the meeting shall have a duty of confidentiality with respect to matters discussed at the meeting and shall not disclose relevant information without authorization.

#### **Chapter 4 Supplementary Provisions**

**Article 23** Unless otherwise specified, terms used in these terms of reference shall have the same meanings as defined in the Articles of Association. For matters not covered in these terms of reference, or conflicts between these terms of reference and the provisions of relevant laws, regulations, rules, normative documents, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, the provisions of such laws, regulations, rules, normative documents, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association shall prevail.

**Article 24** Subject to the consideration and approval by the Board of Directors of the Company, these terms of reference shall take effect from the date on which the H Shares issued by the Company are listed on The Stock Exchange of Hong Kong Limited. These terms of reference shall be interpreted and amended by the Board of Directors of the Company.