

# **INGENIC SEMICONDUCTOR CO., LTD.**

## **TERMS OF REFERENCE FOR THE NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS**

### **Chapter I General Provisions**

**Article 1** In order to regulate the selection of the Company leadership personnel, optimize the composition of the board of directors and improve the corporate governance structure, Ingenic Semiconductor Co., Ltd. (hereinafter referred to as the “Company”) specifically established the Nomination and Remuneration Committee of the board of directors with these terms of reference in compliance with the Company Law of the People’s Republic of China, the Corporate Governance Code 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”), the Articles of Association of Ingenic Semiconductor Co., Ltd. (hereinafter referred to as the “Articles of Association”) and other relevant regulations.

**Article 2** The Nomination and Remuneration Committee of the board of directors is a specialized working body established by the board of directors in accordance with the resolution of the shareholders’ meeting, which is mainly responsible for studying and formulating proposals for the establishment or adjustment of the Company’s internal organizational structure, as well as selecting, reviewing, and making recommendations on the candidates, qualifications, selection criteria, and procedures for the Company’s directors and senior management, and studying and formulating remuneration standards.

**Article 3** For the purpose of these terms of reference, directors refer to the individuals holding the offices of chairman and directors of the Company, and senior management refers to the general manager, deputy general manager, secretary to the board of directors, chief financial officer, and other senior management appointed by the board of directors.

### **Chapter II Composition**

**Article 4** The Nomination and Remuneration Committee consists of at least three directors, of whom more than half shall be independent directors. The Nomination and Remuneration Committee shall have at least one director of a different gender.

**Article 5** Members of the Nomination and Remuneration Committee shall be nominated by the chairman of the board of directors, more than half of the independent directors or more than one-third of the directors, and shall be elected by the board of directors.

**Article 6** The Nomination and Remuneration Committee shall have a chairman (the convener), who shall be an independent director and shall be responsible for presiding over the work of the Committee. The chairman shall be elected by the board of directors among the members.

**Article 7** The term of office for the Nomination and Remuneration Committee shall be the same as that of the board of directors. Members may serve consecutive terms if re-elected upon the expiration of their term. If any member ceases to serve as a director of the Company during his/her term, he/she shall automatically lose his/her membership qualification, and the board of directors shall fill the vacancy in accordance with Articles 5 to 7 above.

A member may tender his/her resignation to the board of directors before the expiration of his/her terms of office by giving a resignation report to explain the reason for resignation and any matters relating to his/her resignation or which he/she considers necessary to bring to the attention of the board of directors.

The Committee members may be adjusted during their terms of office upon being considered and approved by the board of directors.

Where the resignation of an independent director results in the proportion of independent directors on the Nomination and Remuneration Committee failing to meet the requirements of relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, the resigning independent director shall continue to perform his/her duties until a new independent director is elected. The Company shall complete the by-election within sixty days from the date of resignation of such independent director.

### **Chapter III Duties and Authorities**

**Article 8** The Nomination and Remuneration Committee shall make recommendations to the board of directors on the following matters:

- (I) nominating, appointing or removing of directors;
- (II) appointing or dismissing senior management;
- (III) the remuneration of directors and senior management;
- (IV) formulating or changing the equity incentive scheme and employee share ownership scheme, granting of rights and benefits to the targets of the incentives and fulfillment of the conditions for exercising the rights and benefits;
- (V) arranging share ownership schemes for directors and senior management in the subsidiaries proposed to be spun off;
- (VI) other matters as provided by laws, administrative regulations, the regulations of the China Securities Regulatory Commission, the requirements of the Shenzhen Stock Exchange, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The Nomination and Remuneration Committee shall also perform the following responsibilities and exercise the following functions and powers:

- (I) review the structure, size and composition (including the skills, knowledge and experience) of the board of directors at least annually, assist the board of directors in maintaining a board skills matrix, and make recommendations on any proposed changes to the board of directors to complement the Company's corporate strategy;
- (II) identify individuals suitably qualified to become directors and select or make recommendations to the board of directors on the selection of individuals nominated for directorships;
- (III) assess the independence of independent non-executive directors;

- (IV) make recommendations to the board of directors on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive officer;
- (V) support the Company's regular evaluation of the board of directors' performance;
- (VI) consult the chairman and/or the chief executive officer on remuneration proposals for other executive directors (the Nomination and Remuneration Committee may seek independent professional advice if necessary);
- (VII) make recommendations to the board of directors on the Company's policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (VIII) review and approve the management's remuneration proposals with reference to the board of directors' corporate goals and objectives;
- (IX) either of the following:
  - (i) formulate remuneration packages for individual executive directors and senior management in accordance with the delegated responsibilities of the board of directors; or
  - (ii) make recommendations to the board of directors on the remuneration packages of individual executive directors and senior management.

Such remuneration packages shall include non-monetary benefits, pension rights and amounts of compensation (including compensation for loss or termination of office or appointment);

- (X) make recommendations to the board of directors on the remuneration of non-executive directors;
- (XI) consider the salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (XII) review and approve the compensation payable to executive directors and senior management for their loss or termination of their office or appointments to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (XIII) 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;
- (XIV) ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- (XV) review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules;

(XVI) other matters as provided by laws, administrative regulations, CSRC regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The Nomination and Remuneration Committee shall publicly disclose its terms of reference on the website of The Stock Exchange of Hong Kong Limited and the Company's website, explaining its role and the powers delegated to it by the board of directors.

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

**Article 9** The Nomination and Remuneration Committee shall be accountable to the board of directors. The proposals of the Committee shall be submitted to the board of directors for review and decision.

**Article 10** The board of directors shall have the right to veto the remuneration plan or scheme which harms the interests of shareholders.

**Article 11** The remuneration plan of the directors of the Company proposed by the Nomination and Remuneration Committee shall be submitted to the board of directors for approval and then submitted to a shareholders' meeting for consideration and approval before implementation. The remuneration distribution plan of the senior management of the Company shall be submitted to the board of directors for approval.

#### **Chapter IV Decision-making Procedures**

**Article 12** The Nomination and Remuneration Committee shall, in accordance with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association, and in light of the actual conditions of the Company, study and formulate proposals for the establishment or adjustment of the Company's internal organizational structure, as well as the election criteria, selection procedure and terms of office of the directors and senior management of the Company, formulate resolutions which are then filed and submitted to the board of directors for approval, and implement them accordingly.

**Article 13** Selection procedures for directors and senior management are as follows:

- (I) the Nomination and Remuneration Committee shall communicate with the relevant departments of the Company, study the Company's demand for new directors and senior management, and produce written materials in respect thereof;
- (II) the Nomination and Remuneration Committee may extensively search for candidates for directors and senior management internally within the Company and its holding (participating) companies and from the labor market;
- (III) collecting information on the occupation, education, job title, detailed work experience and all part-time jobs of the preliminary candidates, and producing written materials in respect thereof;

- (IV) obtaining consent from the nominees regarding the nomination; otherwise, they shall not be considered as candidates for directors or senior management;
- (V) convening a meeting of the Nomination and Remuneration Committee to review the qualifications of the preliminary candidates according to the job requirements of directors and senior management;
- (VI) submitting proposals and relevant materials to the board of directors on the candidates for directors and new managers prior to the election of new directors, the appointment of managers, and the recommendation of new senior management to holding and participating companies;
- (VII) carrying out other follow-up work according to the decisions and feedback of the board of directors.

**Article 14** The working group under the Nomination and Remuneration Committee shall be responsible for the preparation work at an early stage in relation to the decision-making on remuneration and provide the following information of the Company:

- (I) information on the fulfillment of key financial indicators and business objectives of the Company;
- (II) information on the scope of work and the major responsibilities of senior management of the Company;
- (III) information on the fulfillment of indicators in the performance appraisal system for 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 generation;
- (V) basis for relevant measurement adopted in the formulation of remuneration distribution plans and distribution methods of the Company according to the performance of the Company.

## **Chapter V Rules of Procedure**

**Article 15** The Nomination and Remuneration Committee shall convene meetings as and when necessary according to its work requirements, and all members shall be notified at least three working days prior to the convening of such meeting, provided that the aforementioned notice period may be waived with the unanimous consent of all members. Meetings shall be chaired by the chairman. Where the chairman is unable to attend, he/she may delegate another member to chair the meeting.

**Article 16** Meetings of the Nomination and Remuneration Committee shall only be held when more than two-thirds of its members are present; each member shall have one vote; the resolutions made at the meeting must be passed by more than half of all its members.

**Article 17** In principle, meetings of the Nomination and Remuneration Committee shall be held on-site. On the basis that all members have the opportunity to fully express their opinions, meetings may also be convened through telecommunications.

**Article 18** When necessary, the Nomination and Remuneration Committee may invite directors and other senior management of the Company to attend its meetings as observers.

**Article 19** The Nomination and Remuneration Committee should consult the chairman and/or the chief executive officer on remuneration proposals for other executive directors. The Nomination and Remuneration Committee shall be provided with adequate resources in discharging its duties. If necessary, the Nomination and Remuneration Committee may engage intermediary institutions to provide professional advice for its decision-making, with expenses borne by the Company.

**Article 20** The procedures for convening meetings of the Nomination and Remuneration Committee, voting methods, and the resolutions adopted at such meetings must comply with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, and these terms of reference.

**Article 21** Minutes shall be taken for meetings of the Nomination and Remuneration Committee, and the members attending the meeting shall sign on the minutes. The minutes shall be kept by the secretary to the board of directors for no less than ten years.

**Article 22** Resolutions and voting results adopted at the meetings of the Nomination and Remuneration Committee shall be reported to the board of directors of the Company in writing.

**Article 23** All attending members shall have a duty of confidentiality regarding the matters discussed at the meeting and shall not disclose any related information without authorization.

## **Chapter VI Supplementary Provisions**

**Article 24** After being considered and approved by a resolution of the board of directors of the Company, these terms of reference shall come into effect from the date on which the H Shares issued by the Company commence listing on The Stock Exchange of Hong Kong Limited.

**Article 25** Matters not covered in these terms of reference shall be implemented in accordance with the relevant national laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association. Should these terms of reference conflict with national laws, regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association as lawfully amended in the future, the provisions of the relevant national laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association shall prevail.

**Article 26** These terms of reference shall be construed and interpreted by the board of directors of the Company.