



Axera Semiconductor Co., Ltd.
愛芯元智半導體股份有限公司

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

(Stock Code: 600)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

Chapter 1 General Provisions

Article 1 To further establish and refine the appraisal and remuneration management rules for the directors (the “**Directors**”) and senior management of the Company, and to improve the corporate governance structure, the Company has hereby established the remuneration committee (the “**Remuneration Committee**” or “**Committee**”) of the board of Directors (the “**Board**”) and formulated these Rules of Procedures (hereinafter referred to as these “**Rules of Procedures**”) in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange Listing Rules**”) and its appendices, the Articles of Association of Axera Semiconductor Co., Ltd. (hereinafter referred to as the “**Articles of Association**”) and other relevant regulations.

Article 2 The Remuneration Committee is a specialized working organization established by the Board in accordance with its resolutions, which is mainly responsible for formulating the appraisal standards and conducting appraisals for the Company’s Directors and senior management members, and responsible for formulating and reviewing the remuneration policies and plans relating to the Company’s Directors and senior management members.

Article 3 For the purposes of these Rules of Procedures, the term “Director” refers to any Director who receives remuneration from the Company, and the term “senior management members” refer to the General Manager and other senior management members as stipulated in the Articles of Association, all of whom are appointed by the Board.

Chapter 2 Composition

Article 4 The Remuneration Committee shall comprise at least three Directors, the majority of whom shall be independent non-executive Directors.

Article 5 Members of the Remuneration Committee are elected from among the Directors and are appointed by the Board.

Article 6 The Remuneration Committee shall have one (1) chairperson (the “**Chairperson**”), who shall be an independent non-executive director and responsible for convening and presiding over the Committee’s work. The Chairperson shall be elected from among the members and appointed upon approval by the Board.

Article 7 The term of the Remuneration Committee shall align with that of the Board. Prior to the expiration of a member’s term, such member shall not be removed without cause, unless circumstances arise under the Company Law, the Articles of Association, the Hong Kong Stock Exchange Listing Rules, or these Rules of Procedure that render the member ineligible to serve. If a member ceases to be a Director or becomes unsuitable to serve as a member (for example, if a member designated as an independent non-executive Director no longer meets the independence requirements under the Hong Kong Stock Exchange Listing Rules), that member shall automatically lose their position. The Committee shall then fill the vacancy in accordance with the provisions of Article 4 to Article 6 above.

Article 8 Should the number of members in the Remuneration Committee fall below the requirement stipulated in the Hong Kong Stock Exchange Listing Rules due to resignation, removal, or any other reason, the Board shall immediately issue an announcement in accordance with the Hong Kong Stock Exchange Listing Rules, disclosing the details and reasons for non-compliance. The vacancy shall be filled within three months from the date of non-compliance in accordance with the Hong Kong Stock Exchange Listing Rules and the provisions of Article 4 to Article 7 of these Rules of Procedures. The term of any newly appointed member shall last until the end of their term as Directors.

Article 9 Members of the Remuneration Committee may resign before the expiry of their term. The resignation of a member shall be governed by the relevant provisions of laws, regulations, the Hong Kong Stock Exchange Listing Rules, and the Articles of Association concerning the resignation of Directors or independent non-executive Directors.

Article 10 The Remuneration Committee may, as needed for its work, designate relevant departments and personnel to assist in its operations.

Chapter 3 Duties and Powers

Article 11 The duties and powers of the Remuneration Committee shall include the powers stipulated in the Company Law, the Articles of Association, the Hong Kong Stock Exchange Listing Rules, and other securities regulatory rules of the place where the Company’s shares are listed.

Article 12 The Remuneration Committee is responsible for establishing performance evaluation standards for Directors and senior management, conducting evaluations, formulating and reviewing their compensation policies and plans, and making recommendations to the Board on the following matters:

- (I) researching performance evaluation standards for Directors and senior management, conducting evaluations, and making recommendations;

- (II) based on the corporate objectives and goals set by the Board, as well as the roles, responsibilities, and scope of work of Directors and senior management, and with reference to compensation levels for comparable positions in the same region, industry, or among competitors, researching and reviewing the Company's compensation policies and plans for Directors and senior management, and making recommendations to the Board on establishing formal and transparent procedures;
- (III) annually reviewing the performance of Directors and senior management in fulfilling their duties, conducting annual performance evaluations, proposing annual compensation plans and further reward or penalty measures based on evaluation results, submitting these to the Board for review, and overseeing the implementation of such plans;
- (IV) reviewing and approving management's compensation proposals in accordance with the corporate objectives and goals set by the Board;
- (V) evaluating the Company's compensation system, auditing and supervising its implementation, and reviewing and approving management's compensation proposals in alignment with the corporate objectives and goals set by the Board;
- (VI) if delegated by the Board, determining the remuneration of individual executive Directors and senior management members; or making recommendations to the Board regarding the remuneration of individual executive Directors and senior management members. The said remuneration shall include non-monetary benefits, pension entitlements, and compensation amounts (including compensation for loss or termination of office or appointment);
- (VII) making recommendations to the Board on the remuneration of non-executive Directors;
- (VIII) continuously supplementing and revising the compensation system and framework in response to market developments and the Company's growth;
- (IX) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions of other positions in the Group;
- (X) reviewing and approving compensation payable to executive Directors and senior management members for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and, if not, is fair, reasonable and not excessive;
- (XI) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and if not, are reasonable and appropriate;

- (XII) ensuring that no Director or any of their associates is involved in deciding that Director's own remuneration;
- (XIII) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Hong Kong Stock Exchange Listing Rules;
- (XIV) considering and executing other matters as the Board may from time to time define, delegate, or as stipulated by the Hong Kong Stock Exchange Listing Rules from time to time;
- (XV) other matters delegated by the Board;
- (XVI) other matters required by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Article 13 If the Board does not adopt or only partially adopts the recommendations of the Remuneration Committee, the Board resolution shall record the views of the Remuneration Committee and the specific reasons for not adopting the recommendations.

Article 14 The remuneration plan for the directors proposed by the Remuneration Committee must be reported to and approved by the Board, and then submitted to the shareholders' general meeting for review and approval before implementation; the remuneration distribution plan for the Company's senior management members must be reported to the Board for approval before implementation.

Article 15 The Remuneration Committee shall evaluate the performance of Directors and senior management members in accordance with the following procedures:

- (I) the Directors and senior management members of the Company shall report work and make self-evaluation to the Remuneration Committee of the Board;
- (II) the Remuneration Committee shall evaluate the performance of Directors and senior management members in accordance with the performance evaluation standards and procedures;
- (III) the Remuneration Committee shall make proposals on the amount of remuneration and the method of rewards for the Directors and senior management members according to the performance assessment results of their positions and the remuneration distribution policy for voting and approval before submission to the Board.

Chapter 4 Rules of Procedures

Article 16 Meetings of the Remuneration Committee shall be convened at least once a year, and all committee members shall be notified at least three (3) days prior to the scheduled meeting. Meetings shall be chaired by the Chairperson. If the Chairperson is unable to attend, he/she may delegate another committee member (an independent non-executive director) to chair the meeting.

Article 17 A meeting of the Remuneration Committee may be held only when two-thirds or more of the Committee members are present. Each Committee member shall have one vote. Resolutions adopted at such meeting must be approved by a majority of all Committee members.

Article 18 Meetings of the Remuneration Committee may be convened in the form of on-site meetings or teleconferences, with voting conducted by ballot.

Article 19 When necessary, the Remuneration Committee may invite Directors and senior management of the Company to attend its meetings as observers.

Article 20 The Remuneration Committee shall be provided with sufficient resources to fulfill its responsibilities. If necessary, the Remuneration Committee may engage intermediary institutions to provide professional advice for its decision-making, with expenses borne by the Company.

Article 21 The procedures for convening meetings of the 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 Rules of Procedures.

Article 22 A member of the Remuneration Committee shall abstain from discussing resolutions related to him/her at the meetings of the Remuneration Committee.

Article 23 Minutes shall be taken for meetings of the Remuneration Committee, and the Committee members attending the meeting shall sign the minutes. The minutes shall be kept by the Secretary to the Board. The draft and final versions of the meeting minutes shall be distributed to all Committee members within a reasonable period after the meeting. The draft version is provided for members to express their opinions, while the final version serves as the official record. The Directors may, upon providing reasonable notice, access the meeting minutes at a reasonable time.

Article 24 Proposals and voting results adopted at the meetings of the Remuneration Committee shall be reported to the Board in writing.

Article 25 All attending Committee members shall have a duty of confidentiality regarding the matters discussed at the meeting and shall not disclose any related information without authorization.

Chapter 5 Supplementary Provisions

Article 26 These Rules of Procedures shall be formulated, revised and interpreted by the Board.

Article 27 For matters not covered in these Rules of Procedure, the provisions of the then-effective national laws and regulations, the Hong Kong Stock Exchange Listing Rules, and the Articles of Association shall apply. If any provision of these Rules of Procedure conflicts with the then-effective national laws and regulations, the Hong Kong Stock Exchange Listing Rules, or the Articles of Association as amended through lawful procedures, the provisions of the then-effective national laws and regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association shall prevail. In such cases, these Rules of Procedure shall be promptly amended accordingly and submitted to the Board for review and approval.

Article 28 These Rules of Procedure shall, upon review and approval by the Board, take effect and be implemented from the date on which the Company's H shares issued in its initial public offering are filed with the China Securities Regulatory Commission and listed and traded on The Stock Exchange of Hong Kong Limited.