BASiC Semiconductor Co., Ltd.
Terms of Reference of the Remuneration and Appraisal Committee of the Board of Directors

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to further establish and refine the appraisal and remuneration management rules for the directors and senior management members of BASiC Semiconductor Co., Ltd. (hereinafter referred to as the "Company"), and to improve the corporate governance structure, the Company has hereby established the Remuneration and Appraisal Committee of the Board of Directors and formulated these Terms of Reference in accordance with the provisions of the Company Law of the People's Republic of China (hereinafter referred to as the Company Law), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic 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) and other relevant laws, administrative regulations, departmental rules, regulatory documents, and the Articles of Association of BASiC Semiconductor Co., Ltd. (hereinafter referred to as the Articles of Association) and the Rules of Procedure for the Board of Directors of BASiC Semiconductor Co., Ltd.

Article 2 The Remuneration and Appraisal Committee is a specialized working organization established by the Board of Directors in accordance with the Articles of Association and the Hong Kong Listing Rules, which is mainly responsible for researching the appraisal standards and conducting appraisals for the Company's directors and senior management members, and responsible for researching and reviewing the remuneration policies and plans relating to the Company's directors and senior management members. The Remuneration and Appraisal Committee shall be accountable to and report its work to the Board of Directors.

Article 3 The directors mentioned in these Terms of Reference refer to directors who receive remuneration from the Company; senior management members refer to the general manager, chief financial officer and secretary of the Board appointed by the Board of Directors, and other senior management members who are recognized by the Board of Directors and fall within the definition of senior management members under the Hong Kong Listing Rules (as amended from time to time).

CHAPTER 2 COMPOSITION

Article 4 The Remuneration and Appraisal Committee shall comprise three directors, the majority of whom shall be independent non-executive directors.

Article 5 The members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the Board of Directors, one-half or more of the independent non-executive directors, or one-third or more of all directors, and shall be elected by a majority vote of the Board of Directors.

Article 6 The Remuneration and Appraisal Committee shall have a chairman, who shall be an independent non-executive director responsible for presiding over the work of the Committee and shall be elected by a majority vote of the Board of Directors.

Article 7 The term of office of the committee members should be consistent with the term of the directors, and the term of office of the committee members shall be the same as that of the directors of the same session. Each member of the Committee shall be eligible for re-election upon expiry of his/her term of office. Where, during the term of office, any committee member no longer serves as a director of the Company or a committee member who should have the status of an independent non-executive director no longer has the independence stipulated in the Articles of Association, he/she will automatically cease to be qualified as a member of the Committee, and the Board of Directors will make up for the number of committee members in accordance with Articles 4 to 6 above within three months.

Article 8 The Remuneration and Appraisal Committee shall set up a working group, as a day-to-day administrative body, specifically responsible for providing information on the Company's operations and the relevant information about the appraised personnel, organizing the meetings of the Remuneration and Appraisal Committee and implementing the relevant resolutions of the Remuneration and Appraisal Committee. The members of the working group are not required to be members of the Remuneration and Appraisal Committee.

CHAPTER 3 DUTIES AND POWERS

Article 9 The main duties and powers of the Remuneration and Appraisal Committee are:

(I) To develop remuneration plans or schemes based on the main duties, scope, significance, time commitment of the directors and senior management members, as well as other necessary factors such as remuneration level of relevant positions in society; to review and approve management's remuneration proposals with reference to the Board's corporate goals and objectives;

(II) To make recommendations to the Board of Directors on the policy and structure for all directors' and senior management members' remuneration and on the establishment of a formal and transparent procedure for developing remuneration policies; such remuneration plans or schemes should primarily encompass, but are not limited to, performance appraisal criteria, processes, primary evaluation systems, major reward and penalty schemes and mechanisms, as well as non-monetary benefits, pension rights, and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(III) To consult the chairman and/or chief executive (if any) regarding remuneration recommendations for other executive directors, and to make recommendations to the Board on remuneration packages of individual executive directors and senior management members;

(IV) To make recommendations to the Board of Directors on the remuneration of non-executive directors;

(V) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

(VI) To study the evaluation standards for directors and senior management members and make recommendations to the Board of Directors; review the performance of duties by the Company's directors (excluding independent non-executive directors) and senior management members and conduct their annual performance appraisals;

(VII) To review and approve 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 is otherwise fair and not excessive;

(VIII) 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;

(IX) To ensure that no director or any of their associates is involved in deciding that director's own remuneration;

(X) To be responsible for supervising the implementation of the Company's remuneration rules and regularly reviewing relevant remuneration policies;

(XI) To review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules;

(XII) To handle other matters delegated by the Board of Directors.

Article 10 The Remuneration and Appraisal Committee shall be accountable to the Board of Directors and proposals of the Remuneration and Appraisal Committee shall be submitted to the Board of Directors for deliberation and decision.

Article 11 The remuneration plan for the Company's directors proposed by the Remuneration and Appraisal Committee must be reported to and approved by the Board of Directors, and then submitted to the shareholders' meeting for review and approval before implementation; the remuneration distribution plan for the Company's senior management members must be reported to the Board of Directors for approval before implementation.

Article 12 The Board of Directors shall have the right to veto any remuneration plans or schemes that may prejudice the interests of shareholders.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 13 The working group under the Remuneration and Appraisal Committee is responsible for making preliminary preparations for decision-making by the Remuneration and Appraisal Committee and providing information on the following relevant aspects of the Company:

(I) Information on the major financial indicators and the achievement of operational goals of the Company;

(II) Information on the assigned scope of work and main duties of the Company's senior management members;

(III) Information on the achievement of the targets involved in the job performance appraisal system for directors and senior management members;

(IV) Information on the operating performance pertaining to business innovation capabilities and profit-making capabilities of directors and senior management members;

(V) Information on the remuneration distribution plans and methods formulated based on the Company's performance, including the relevant basis for calculation.

Article 14 The Remuneration and Appraisal 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 on their duties and make self-evaluation to the Remuneration and Appraisal Committee of the Board of Directors;

(II) The Remuneration and Appraisal Committee shall evaluate the performance of directors and senior management members in accordance with the performance evaluation standards and procedures;

(III) The Remuneration and Appraisal 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 of Directors of the Company.

Article 15 If necessary, the Remuneration and Appraisal Committee may engage intermediary institutions to provide professional advice for its decision-making, with reasonable related expenses borne by the Company. The Board of Directors shall ensure that the Remuneration and Appraisal Committee is provided with adequate resources to fulfill its duties.

CHAPTER 5 RULES OF PROCEDURE

Article 16 The meetings of the Remuneration and Appraisal Committee are divided into regular meetings and interim meetings. Regular meetings of the Remuneration and Appraisal Committee shall be convened at least once a year, and all committee members shall be notified at least five days prior to the scheduled meeting. The meeting shall be convened and presided over by the chairman of the committee. If the chairman of the committee is unable to perform his/her duties, he/she may appoint another member (an independent non-executive director) to convene and preside over the meeting.

Notice for interim meetings of the Remuneration and Appraisal Committee shall be given to all committee members at least two days prior to the meeting. With the unanimous consent of all committee members, the aforementioned notice periods may be waived.

The methods of notification include delivery by hand, fax, mail, email, telephone, etc.

Article 17 Notice of meetings of the Remuneration and Appraisal Committee should at least include the following:

(I) The time and venue of the meeting;

(II) The duration of the meeting;

(III) The agenda items to be discussed at the meeting;

(IV) The contact person of the meeting and the contact methods;

(V) date of notice of the meeting.

For notifications made by telephone, the notice shall at least include items (I) and (II) above, written records shall be properly kept, and meeting documents shall be distributed to all committee members before the meeting.

Article 18 Meetings of the Remuneration and Appraisal Committee may be convened in the form of on-site meetings and voting shall be conducted by registered ballot. With the unanimous consent of all committee members, meetings may be convened and resolutions may be adopted through means such as video conferencing, teleconference, or written circulation.

Article 19 A meeting of the Remuneration and Appraisal Committee may be held only when two-thirds or more of the committee members (including members who have authorized other members to attend in writing) 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 20 If a member of the Remuneration and Appraisal Committee authorizes another member to attend a meeting and exercise voting rights on his/her behalf, he/she shall submit a proxy form to the chair of the meeting. The proxy form shall specify the agent's name, matters of agency, scope of authorization, and validity period, and shall be signed or sealed by the principal. For matters involving voting, the principal shall clearly indicate in the proxy form the votes in favor of, against or abstaining from each matter. Committee members shall not give or accept a proxy that lacks voting instructions, grants full discretionary authority, or has an unclear scope of authorization. A valid proxy form shall be submitted to the chair of the meeting no later than the time of voting at the meeting.

Article 21 Any member of the Remuneration and Appraisal Committee who does not attend the meeting in person or by proxy shall be deemed not to have attended the relevant meeting. Any member who fails to attend two consecutive meetings and does not appoint another committee member as proxy shall be deemed unable to perform his/her duties appropriately, and the Board of Directors of the Company may remove such member from his/her position.

Article 22 Upon completion of voting by the attending committee members, the voting results of each member shall be promptly collected and tallied. For meetings held in person, the chair of the meeting shall announce the voting results on the spot. For voting conducted in non-in-person meetings, the chair of the meeting shall notify each committee member in writing of the voting results within three days after expiration of the voting time limit.

Article 23 Members of the working group may attend meetings of the Remuneration and Appraisal Committee as non-voting delegates. If necessary, the directors and senior management members of the Company may be invited to attend meetings as observers.

Article 24 A member of the Remuneration and Appraisal Committee shall abstain from discussing resolutions related to him/her at the meetings of the Remuneration and Appraisal Committee.

Article 25 The procedures for convening the meeting of the Remuneration and Appraisal Committee, the voting method and the remuneration policy and distribution plan adopted at the meeting must comply with the provisions of the relevant laws, administrative regulations, other regulatory documents, the Hong Kong Listing Rules, the Articles of Association and these Terms of Reference.

Article 26 Minutes for meetings of the Remuneration and Appraisal Committee shall be kept. The draft and final versions of the meeting minutes shall be distributed to all attending committee members within a reasonable time after the meeting. The draft version is for expressing opinions, and the final version is for record purposes. The attending committee members shall sign the meeting minutes. The meeting minutes shall be kept by the secretary of the Board of the Company, and the retention period shall not be less than 10 years while the Company remains in existence.

Article 27 Proposals and voting results adopted at the meetings of the Remuneration and Appraisal Committee shall be reported to the Board of Directors of the Company in writing.

Article 28 All attending committee members and observers at the meeting shall have a duty of confidentiality regarding the matters discussed and shall not disclose any related information without authorization.

CHAPTER 6 ANNUAL SHAREHOLDERS' MEETING

Article 29 The chairman of the Committee is required to attend the annual shareholders' meeting of the Company and be prepared to answer any questions raised by shareholders in relation to the affairs of the Remuneration and Appraisal Committee.

Article 30 If the chairman of the Committee is unable to attend the annual shareholders' meeting of the Company, he/she must arrange for another committee member to attend the meeting. Such person shall be prepared to answer questions raised by shareholders regarding the work of the Committee at the annual shareholders' meeting.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

Article 31 Unless otherwise specified, the terms used in these Terms of Reference shall have the same meanings as those defined in the Articles of Association.

Article 32 The term "above" mentioned in these Terms of Reference shall include the given figure; "within" shall include the given figure; "exceeding" and "less than" shall exclude the given figures.

Article 33 Any matters not covered in these Terms of Reference shall be dealt with in accordance with the relevant laws, administrative regulations, departmental rules and other regulatory documents, as well as the Hong Kong Listing Rules, the Articles of Association, resolutions of the Company's shareholders' meetings or other relevant rules and regulations; if these Terms of Reference are inconsistent with the provisions of the relevant laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association as amended by legal procedures, the provisions of the relevant laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association shall prevail.

Article 34 The responsibility for formulation, amendment and the power of interpretation of these Terms of Reference resides with the Company's Board of Directors.

Article 35 These Terms of Reference, after being considered and approved by the Board of Directors of the Company, shall take effect from the date of listing and trading of the overseas listed foreign shares (H Shares) on the Stock Exchange of Hong Kong Limited upon initial public offering of the Company.

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