

Gpixel Changchun Microelectronics Inc.

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

Chapter 1 General Provisions

Article 1 In order to further establish and enhance the management system for appraisal and remuneration of Directors (non-independent Directors) and senior management members of Gpixel Changchun Microelectronics Inc. and improve the corporate governance structure, in accordance with the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of Gpixel Changchun Microelectronics Inc. (the “**Articles of Association**”) and other relevant regulations, the Company has established the Remuneration and Appraisal Committee of the Board and formulated these Terms of Reference.

Article 2 The Remuneration and Appraisal Committee is a special working body established by the Board, which is mainly responsible for developing appraisal criteria and conducting assessments for the Directors and senior management members of the Company and formulating and reviewing remuneration policies and plans for Directors and senior management members of the Company. The Committee is accountable to the Board.

Article 3 Directors referred to in these Terms of Reference refer to all Directors who receive remuneration from the Company, senior management members refer to the general manager, deputy general managers, secretary to the Board and Chief Financial Officer appointed by the Board.

Chapter 2 Composition

Article 4 The Remuneration and Appraisal Committee shall comprise more than three (inclusive) Directors, the majority of whom shall be independent non-executive Directors.

Article 5 Members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the Board, more than half of the independent Directors or one-third of all Directors, and shall be elected by the Board.

Article 6 The Remuneration and Appraisal Committee shall have a chairman to be served by an independent non-executive Director to take charge of the work of the Committee. The chairman shall be elected among the members of the Committee and reported to the Board for approval.

Article 7 Members of the Remuneration and Appraisal Committee shall serve for the same term as the Board and may serve consecutive terms if re-elected upon expiration of the term of office. Any member of the Committee who ceases to be a director of the Company shall automatically become disqualified, and the Committee shall appoint a replacement to fill in the vacancy caused by such disqualification in accordance with the provisions of Articles 4 to 6 mentioned above.

Chapter 3 Duties and Authorities

Article 8 The main duties and authorities of the Remuneration and Appraisal Committee are as follows:

- (1) to formulate remuneration plans or proposals based on the principal scope, responsibilities, importance, time commitment of the management positions of the Directors and senior management members, the employment conditions of other positions within the Group and the remuneration levels of relevant positions in other relevant enterprises, and follow formal and transparent procedures to make recommendations to the Board on the remuneration packages (including benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment) of individual Directors and senior management members;
- (2) to review and approve senior management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (3) to make recommendations to the Board on the remuneration on non-executive Directors as appropriate;
- (4) to review and approve (i) compensation payable to executive Directors and senior management members of the Company for any loss or termination of office or appointment; and (ii) compensation relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise fair, reasonable and appropriate;
- (5) to ensure that no director or any of his or her associates is involved in deciding his or her own remuneration;
- (6) to review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

- (7) remuneration plans or proposals mainly include but not limited to the standards, procedures and main evaluation systems for performance appraisal, and main proposals and systems for rewards and punishments;
- (8) to conduct assessment on performance of duties and annual performance appraisal of the Directors (non-independent Directors) and senior management members of the Company;
- (9) to oversee the implementation of the remuneration system of the Company;
- (10) other matters conferred by the Board.

Article 9 The Board shall have the right to veto any remuneration plans or proposals that are detrimental to the interests of shareholders.

Article 10 The Remuneration and Appraisal Committee shall consult the Chairman of the Board and/or general manager on the remuneration proposals of the other executive Directors of the Company. The remuneration plan for Directors of the Company proposed by the Remuneration and Appraisal Committee shall be submitted to the Board for approval and submitted to the shareholders' general meeting for consideration and approval before implementation. The remuneration distribution plan for senior management of the Company shall be submitted to the Board for approval.

Chapter 4 Decision-making Procedures

Article 11 The Office of the Board is responsible for carrying out the preliminary preparation for the decision-making of the Remuneration and Appraisal Committee and providing the Company's relevant information:

- (1) to provide the Company's main financial indicators and the status of the accomplishment of the operating goal;
- (2) the division of work scope and main duties of the Company's senior management members;
- (3) to provide the status of the accomplishment of the indicator involved in the performance appraisal system for the positions of Directors and senior management members;
- (4) to provide information regarding the business creativity of the Directors and senior management members and the operating effectiveness regarding profitability;

- (5) to provide the basis for the relevant guess and estimate in respect of the Company's remuneration distribution plan formulated pursuant to the Company's performance and manner of allotment.

Article 12 The Remuneration and Appraisal Committee's procedures of examination and assessment for Directors and senior management members are:

- (1) the Company's Directors and senior management members shall make self-introduction and self-evaluation to the Remuneration and Appraisal Committee;
- (2) the Remuneration and Appraisal Committee shall conduct performance appraisal on the Directors and senior management members pursuant to the standard and procedures in respect of performance appraisal;
- (3) the amount of the remunerations and the method of award for the Directors and senior management members shall be suggested based on the outcome of the positions and the performance appraisal and remuneration allocation policy. Upon voting, such suggestion shall be reported to the Board.

Chapter 5 Rules of Procedure

Article 13 A notice shall be given to all members of the Committee five days before the date of a meeting of the Remuneration and Appraisal Committee. The meeting shall be presided over by the chairperson of Committee, and in case the chairperson is unable to attend, he or she may appoint another member of the Committee (independent Director) to preside over the meeting. Such notice may be waived with the unanimous consent of all members of the Committee.

Article 14 The Remuneration and Appraisal Committee meeting may only be held if more than half of the members are present. Each member has one vote, and resolutions made at the meeting must be passed by a majority of all members.

Article 15 The voting methods of the Remuneration and Appraisal Committee meetings are poll voting, communication voting, or a combination of poll voting and communication voting.

On the premise of ensuring that all the members may fully express their opinions, the Remuneration and Appraisal Committee may pass a written resolution without convening a meeting, provided that it shall comply with the advance notice requirements of these Terms of Reference and such resolution shall be circulated to all members of the Committee. After the resolution was signed by such number of members required to pass a resolution under these Terms of

Reference, such resolution shall come into effect on the date the resolution was signed by the last signing member.

Article 16 The Directors and senior management members of the Company may be invited to attend the meeting of the Remuneration and Appraisal Committee when necessary.

Article 17 The Remuneration and Appraisal Committee shall be supplied with sufficient resources to perform its duties. Where necessary, the Remuneration and Appraisal Committee may engage intermediaries to provide independent and professional advice for its decisions, and the cost shall be borne by the Company.

Article 18 When any subject in relation to a member of the Committee is to be discussed at a meeting of the Remuneration and Appraisal Committee, the party concerned shall be absent from such discussion.

Article 19 The convening procedures and voting methods of and remuneration policies and distribution plans adopted by the Remuneration and Appraisal Committee's meeting shall comply with provisions of relevant laws, regulations, the Articles of Association and these Terms of Reference.

Article 20 The Remuneration and Appraisal Committee shall keep minutes of its meetings. Members present at a meeting shall sign the minutes of that meeting. Such meeting minutes shall be kept by the secretary of the Board of the Company.

Article 21 Any resolution passed and the result of voting at a meeting of the Remuneration and Appraisal Committee shall be reported in writing to the Board of the Company.

Article 22 All members attending a meeting shall keep confidential all matters discussed at the meeting and shall not disclose any relevant information without authorization.

Chapter 6 Supplementary Provisions

Article 23 For the purposes of these Terms of Reference, the term "more than" is an inclusive term.

Article 24 These Terms of Reference shall take effect from the date of listing and trading of the overseas listed foreign shares (H Shares) issued by the Company on The Stock Exchange of Hong Kong after being considered and approved by the Board.

Article 25 Any matters not covered hereunder shall be subject to the provisions of relevant laws, regulations and the Articles of Association; if these Terms of Reference are in conflict with the laws and regulations promulgated in the future, or the Articles of Association as amended by lawful procedures, the latter shall prevail and amendments to these Terms of Reference shall be made immediately and submitted to the Board for consideration and approval.

Article 26 The Board reserves the right of interpretation of these Terms of Reference.