

SENASIC Electronics Technology Co., Ltd.

TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD OF DIRECTORS

CHAPTER I General Provisions

Article 1 To further establish and improve the appraisal and remuneration management system for Directors and senior management of SENASIC Electronics Technology Co., Ltd. (the “**Company**”) and improve the corporate governance structure, the Company has established the Remuneration and Appraisal Committee of the Board of Directors and formulated these Terms of Reference of the Remuneration and Appraisal Committee of the Board of Directors (these “**Terms of Reference**”) in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), and other applicable laws, administrative regulations, departmental rules, normative documents, and the Articles of Association of SENASIC Electronics Technology Co., Ltd. (the “**Articles of Association**”), taking into account the actual situation of the Company.

Article 2 The Remuneration and Appraisal Committee is a specialised working body established by the Board of Directors in accordance with a resolution of the general meeting, primarily responsible for researching and reviewing the remuneration policies and schemes for the Company’s Directors and senior management, formulating appraisal standards for the Company’s Directors and senior management and conducting appraisals, and performing other duties conferred by the Board of Directors.

Article 3 For the purpose of these Terms of Reference, “Directors” refers to the chairman and Directors who receive remuneration from the Company, and “senior management” refers to the general manager (CEO), president, vice president, Chief Financial Officer, secretary to the Board, other senior management personnel as stipulated in the Articles of Association, and other persons appointed by the Board of Directors. Directors who do not receive remuneration from the Company are not included in the appraisal scope of these Terms of Reference.

CHAPTER II Composition

Article 4 The Remuneration and Appraisal Committee shall comprise three 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 one-half of the independent non-executive Directors or more than one-third of all Directors, and shall be elected by a majority vote of all Directors of the Board of Directors.

Article 6 The members of the Remuneration and Appraisal Committee shall be appointed and removed by the Board of Directors. The Remuneration and Appraisal Committee shall report on its work to the Board of Directors from time to time.

Article 7 The Remuneration and Appraisal Committee shall have one convener, being the committee chairman, who shall be an independent non-executive Director, appointed by the Board of Directors, and responsible for presiding over the work of the committee. If the committee chairman is unable or fails to perform his/her duties, an independent non-executive Director jointly elected by more than half of the members shall act on his/her behalf.

Article 8 The term of office of the Remuneration and Appraisal Committee shall be consistent with that of the Directors. Upon expiry of their term, members are eligible for re-election and reappointment. Before the expiry of their term, if a member ceases to hold the office of a Director, or if a member who should be an independent non-executive Director no longer possesses the independence required under the relevant laws and regulations, the Hong Kong Listing Rules or the Articles of Association, that member shall automatically lose his/her position, and the Board of Directors shall fill the vacancy in accordance with the above requirements if the number of members falls below two-thirds of the required number due to resignation, removal or other reasons.

CHAPTER III Duties and Powers

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

- (1) to make recommendations to the Board of Directors on the Company's overall remuneration policy and structure for Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies;
- (2) to review and approve the management's remuneration proposals with reference to the corporate policies and objectives set by the Board of Directors;
- (3) either: (a) to determine, with delegated responsibility from the Board, the remuneration packages of individual executive Directors and senior management; or (b) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including non-monetary benefits, pension rights and compensation amounts (including compensation for loss or termination of office or appointment);
- (4) to make recommendations to the Board on the remuneration of non-executive Directors;
- (5) to consider remuneration paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (6) to consult the chairman and/or the general manager (CEO) on remuneration proposals for other executive Directors. The Remuneration and Appraisal Committee should seek independent professional advice if necessary;
- (7) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that such compensation is consistent with contractual terms; if inconsistent with contractual terms, the compensation must also be fair and reasonable and not excessive;

- (8) to review and approve compensation arrangements relating to dismissal or removal of a Director for misconduct to ensure that such arrangements are consistent with contractual terms; if inconsistent with contractual terms, the relevant compensation must also be reasonable and appropriate;
- (9) to ensure that no Director or any of his/her associates (as defined in the Hong Kong Listing Rules) is involved in deciding his/her own remuneration, and that the remuneration of a non-executive Director who is also a member of the Remuneration and Appraisal Committee is determined by the other members of the Remuneration and Appraisal Committee;
- (10) to evaluate the performance of executive Directors;
- (11) to consider and approve the terms of service contracts of executive Directors;
- (12) to review, formulate and/or approve equity incentive plans for the Company's Directors (including non-independent non-executive Directors), senior management and other relevant persons (including matters relating to Share Schemes as described in Chapter 17 of the Hong Kong Listing Rules) in accordance with relevant laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange where the Company's shares are listed;
- (13) to be responsible for the administration of equity plans, including but not limited to reviewing the eligibility of personnel, grant conditions, and exercise conditions of equity incentive plans;
- (14) to approve all disclosure statements relating to the Remuneration and Appraisal Committee, including but not limited to relevant disclosure statements in the annual report, interim report and information uploaded to the websites of the SEHK and the Company; and
- (15) duties and powers stipulated by laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange where the Company's shares are listed, and the Articles of Association, and other matters authorized by the Board of Directors.

Article 10 The remuneration plans or schemes proposed by the Remuneration and Appraisal Committee shall not be prejudicial to the interests of shareholders, and the Board of Directors has the right to veto any remuneration plan or scheme that is prejudicial to the interests of shareholders.

Article 11 The remuneration plan or scheme 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 general meeting for review and approval before implementation (if applicable); The remuneration plan or scheme for the Company's senior management must be reported to the Board of Directors for approval. The Remuneration and Appraisal Committee is accountable to the Board of Directors, and the committee's proposals shall be submitted to the Board of Directors for review. Relevant departments of the Company are obliged to cooperate with the Remuneration and Appraisal Committee in its work and provide relevant materials. The Remuneration and Appraisal Committee shall be provided with sufficient resources to perform its duties.

In accordance with Rule 13.68 of the Hong Kong Listing Rules, the above-mentioned Directors' service contracts that require shareholder approval include:

- (1) contracts with a term of more than three years; or
- (2) contracts which expressly provide that the Company must give more than one year's notice or pay compensation or other sums equivalent to more than one year's remuneration in order to terminate the contract.

The Remuneration and Appraisal Committee shall express its opinion on the above-mentioned Directors' service contracts that require shareholder approval, inform shareholders whether the relevant terms of the contracts are fair and reasonable, whether the relevant contracts are in the overall interests of the Company and its shareholders, and advise shareholders (excluding shareholders who are Directors and have a material interest in such service contracts and their associates) on how to vote.

Article 12 The Remuneration and Appraisal Committee should make its terms of reference available on the websites of The Stock Exchange of Hong Kong Limited (the "SEHK") and the Company, explaining its role and the authority delegated to it by the Board of Directors.

CHAPTER IV Working Procedures

Article 13 The Remuneration and Appraisal Committee shall have a working group responsible for providing relevant information on the Company's operations and relevant information on the persons being appraised, preparing for meetings of the Remuneration and Appraisal Committee, and implementing relevant resolutions of the Remuneration and Appraisal Committee. Members of the working group are not required to be members of the Remuneration and Appraisal Committee.

Article 14 The working group under the Remuneration and Appraisal Committee shall be responsible for the preliminary preparatory work for the Remuneration and Appraisal Committee's decision-making and coordinating relevant departments to provide written materials including:

- (1) the completion status of the Company's main financial indicators and business objectives;
- (2) the scope of work and performance of major duties by the Company's Directors and senior management;
- (3) the completion status of indicators involved in the performance appraisal system for the positions of Directors and senior management;
- (4) the business performance of Directors and senior management in terms of business innovation and profit-making capabilities;
- (5) the relevant calculation basis for formulating the Company's remuneration plan or scheme based on the Company's performance;
- (6) maintaining daily working contact with the intermediary institutions designated by the Remuneration and Appraisal Committee; and
- (7) providing various remuneration systems of the Company and the implementation status of such systems as required by the Remuneration and Appraisal Committee.

Article 15 The Remuneration and Appraisal Committee shall perform its main duties under Article 9 of these Terms of Reference based on the information provided by the working group.

Article 16 The chairman of the Remuneration and Appraisal Committee, or (in his/her absence) another member of the Remuneration and Appraisal Committee (who must be an independent non-executive Director), must attend the Company's annual general meeting and respond to questions from shareholders regarding the activities and responsibilities of the Remuneration and Appraisal Committee.

CHAPTER V Rules of Procedures

Article 17 The Remuneration and Appraisal Committee shall convene at least one meeting each year. An extraordinary meeting of the Remuneration and Appraisal Committee may be convened when the chairman of the Remuneration and Appraisal Committee deems it necessary, upon the proposal of more than half of the committee members, or upon the recommendation of the chairman of the Board.

Article 18 Meetings of the Remuneration and Appraisal Committee shall be convened by the committee chairman who shall issue the meeting notice. The meeting notice and meeting materials shall be delivered to all committee members three days before the meeting is held (excluding the day of the meeting). The requirement for advance notice may be waived with the unanimous consent of all committee members.

Article 19 Meetings of the Remuneration and Appraisal Committee shall be presided over by the committee chairman. If the committee chairman is unable to attend, he/she may delegate another independent non-executive Director to preside.

Article 20 A meeting of the Remuneration and Appraisal Committee may be held only when two-thirds or more of the members are present, including at least one independent non-executive Director; A member who is unable to attend may entrust another member in writing to attend and vote on his/her behalf. The power of attorney shall specify the name of the proxy, the matters to be proxied, the scope of authority and the period of validity, shall be signed or sealed by the principal, and shall be submitted to the meeting chairman at the latest before the vote at the meeting.

Resolutions adopted at a meeting must be approved by a majority of all committee members, and the relevant resolutions or opinions shall be signed by the members of the Remuneration and Appraisal Committee attending the meeting. Each committee member shall have one vote, and the voting options are "for", "against" and "abstain"; When the number of votes for and against is equal, the committee chairman shall have a casting vote.

Article 21 Meetings of the Remuneration and Appraisal Committee may be convened by appropriate means such as in-person meetings, telephone conferences, video conferences, circulation of documents, fax, or email.

Article 22 When necessary, the Remuneration and Appraisal Committee may invite Directors, senior management of the Company and external advisors to attend its meetings as observers. Persons attending the meeting as observers may provide explanations or clarifications on the matters discussed at the meeting, but non-members shall have no voting rights.

Article 23 The Company shall provide the Remuneration and Appraisal Committee with sufficient resources to perform its duties. The Company's senior management and relevant departments shall adopt a cooperative and supportive attitude towards the Remuneration and Appraisal Committee, provide relevant information, and actively cooperate with the work of the Remuneration and Appraisal Committee; If necessary, the Remuneration and Appraisal Committee may engage independent intermediary institutions to provide professional advice for its decision-making, and the reasonable expenses incurred shall be borne by the Company.

Article 24 When a meeting of the Remuneration and Appraisal Committee discusses a proposal concerning a member of the committee, the member concerned shall abstain.

Article 25 The procedures for convening meetings of the Remuneration and Appraisal Committee, voting methods, and the remuneration policies and distribution plans adopted at the meeting must comply with the provisions of applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules, the Articles of Association, and these Terms of Reference.

Article 26 Minutes shall be taken for meetings of the Remuneration and Appraisal Committee, and the Committee members attending the meeting shall sign the minutes; The minutes shall be kept by the secretary to the Board in accordance with the Company's archive management system. The meeting minutes shall be open for inspection by any committee member at any reasonable time upon reasonable notice. The draft and final versions of the meeting minutes shall be sent to all committee members within a reasonable period after the meeting; the draft for members to express their opinions, and the final version for their records.

Article 27 Proposals passed and voting results of the Remuneration and Appraisal Committee meetings shall be reported to the Company's Board of Directors in writing for review.

Article 28 All attending Committee members and persons attending the meeting as observers shall have a duty of confidentiality regarding the matters discussed at the meeting and shall not disclose any related information without authorization, unless otherwise required by applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and/or regulatory authorities.

CHAPTER VI Supplementary Provisions

Article 29 In these Terms of Reference, "above" is inclusive of the number stated; "more than half" is exclusive of the number stated.

Article 30 These Terms of Reference shall, upon review and approval by the Board of Directors, take effect and be implemented from the date on which the Company's H Shares issued in its initial public offering are listed on the SEHK. These Terms of Reference shall be revised and interpreted by the Board of Directors.

Article 31 For matters not covered in these Terms of Reference, the provisions of applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and the Articles of Association shall apply; If these Terms of Reference conflict with the provisions of applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and other relevant regulatory rules of the place where the Company's shares are listed, or the Articles of Association, the provisions of the applicable laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules and other relevant regulatory rules of the place where the Company's shares are listed, and the Articles of Association shall prevail, and these Terms of Reference shall be amended accordingly as soon as possible and submitted to the Board of Directors for review and approval.