



## ADICON Holdings Limited

艾迪康控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9860)**

### TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

The remuneration committee (the “**Remuneration Committee**”) of ADICON Holdings Limited. (the “**Company**”) was established pursuant to a resolution passed by the board of directors of the Company (the “**Board**”) on June 3, 2023. Set out below are the terms of reference (the “**Terms of Reference**”) of the Remuneration Committee. The Terms of Reference are available for viewing in English and traditional Chinese. If there is any inconsistency between the English and the traditional Chinese versions of the Terms of Reference, the English version shall prevail over the traditional Chinese version.

#### **Purpose**

1. The purpose of the Remuneration Committee is to assist the Board to develop and administer a formal and transparent procedure for setting policy on the remuneration of directors and senior management, evaluating the performance of directors and senior management, reviewing and approving the terms of incentive schemes and directors’ service contracts, and fixing the remuneration packages for all directors and senior management.

#### **Composition**

2. The Remuneration Committee shall be appointed by the Board from time to time and shall consist of a minimum of three members (the “**Members**”, and each as a “**Member**”), a majority of which shall be independent non-executive directors of the Company, who shall meet and maintain the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (as amended from time to time).
3. The chairman of the Remuneration Committee (the “**Chairman**”) shall be appointed by the Board and must be an independent non-executive director of the Company.
4. The company secretary or any of the joint company secretaries of the Company shall be the secretary of the Remuneration Committee (the “**Secretary**”).

#### **Meetings**

5. Unless otherwise specified hereunder, the provisions contained in the Company’s articles of association (the “**Articles**”) (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Remuneration Committee.
6. The Remuneration Committee shall meet at least once annually or more frequently if circumstances require.

7. Notice of any meetings has to be given at least 14 days prior to any such meeting being held, unless all Members unanimously waive such notice. If a meeting is called by a shorter notice, it shall be deemed to have been duly called if it is so agreed by a majority of the Members. A Member who attends such a meeting shall deem to agree to the shorter notice. Notice of any adjourned meetings is not required if the adjournment is less than 14 days.
8. A meeting of the Remuneration Committee may be convened by any Member.
9. A quorum of the Remuneration Committee shall be two Members.
10. Members may participate in a meeting either in person or through other electronic means of communication or in such other manner as the Members may agree provided that all persons participating in the meeting are capable of hearing each other.
11. Members may be represented at a meeting of the Remuneration Committee by a proxy appointed by him or her or his or her alternate.
12. Resolutions of the Remuneration Committee at any meetings shall be passed by a majority of votes of the Members present. In case of an equality of votes, the Chairman shall have a second or casting vote.
13. A resolution in writing signed by all Members shall be valid and effectual as if it has been passed at a meeting of the Remuneration Committee duly convened and held.

#### **Attendance**

14. The Chairman (or in his or her absence, a Member designated by the Chairman) shall preside at all meetings of the Remuneration Committee. The Chairman shall be responsible for leading the Remuneration Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.
15. The agenda and accompanying supporting papers shall be sent to all Members and to other attendees as appropriate at least one day before the date of the meeting (or such other period as the Members may agree).
16. For the purpose of recording attendance only, the attendance of an alternate Members or directors of the Company will not be counted as attendance by the relevant Member himself or herself.

#### **Access**

17. The Remuneration Committee shall have full access to management and may invite members of management or others to attend its meetings. The Remuneration Committee should consult the chairman and/or chief executive officer of the Company about their proposals relating to the remuneration of other executive directors and senior management of the Company. The Remuneration Committee should have access to independent professional advice if necessary.
18. The Remuneration Committee shall be provided with sufficient resources to perform its duties.

## **Reporting Procedures**

19. The Remuneration Committee shall evaluate and assess the effectiveness of the Remuneration Committee and the adequacy of these Terms of Reference on an annual basis and recommend any proposed changes to the Board.
20. Full minutes of meetings of the Remuneration Committee (draft and final versions) and the record of individual attendance at such meetings shall be prepared and kept by the Secretary. Draft and final versions of the minutes of the meetings should be sent to all Members for their comment and records within a reasonable time after the meeting.
21. Minutes of meetings of the Remuneration Committee shall be sent to all members of the Board as soon as practicable after the conclusion of any meeting of the Remuneration Committee.
22. The Remuneration Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

## **Authority**

23. The authorities and responsibilities of the Remuneration Committee shall include such authorities and responsibilities set out in the relevant code provisions of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Listing Rules (as amended from time to time).
24. The Remuneration Committee is authorized by the Board to determine the remuneration payable to directors and senior management of the Company, the emolument policies and the basis for determining such emoluments. It shall report directly to the Board.
25. Where the Board resolves to approve any remuneration or compensation arrangements with which the Remuneration Committee disagrees, the Board should disclose the reasons for its resolution in its next corporate governance report.

## **Responsibilities and Duties**

26. The duties of Remuneration Committee shall include such responsibilities set out in the relevant code provisions of the CG Code, including the following aspects:
  - (a) to make recommendations to the Board 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 policies;
  - (b) to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
  - (c) either:
    - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management of the Company, or

- (ii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management of the Company.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- (d) to make recommendations to the Board on the remuneration of non-executive directors of the Company. For the purpose of maintaining objective and independence, the independent non-executive directors should not be granted equity-based remuneration (e.g. share options or grants) with performance-related elements;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere of the Company and its subsidiaries;
- (f) to consider the levels of remuneration required to attract and retain the directors to run the Company successfully;
- (g) to review and approve compensation payable to executive directors and senior management of the Company 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;
- (h) 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;
- (i) to ensure that no director of the Company or any of their associates is involved in deciding that director's own remuneration; and
- (j) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules (as amended from time to time).

## **Others**

- 27. The Chairman or in his or her absence, another member of the Remuneration Committee or failing this, his or her duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions at the annual general meeting on the Remuneration Committee's activities and their responsibilities.
- 28. The Remuneration Committee should be responsible for disclosing the directors' remuneration policy, details of any remuneration payable to members of senior management by band and other remuneration related matters in the annual reports.
- 29. The Terms of Reference will be posted on the website of the Company and The Stock Exchange of Hong Kong Limited, and will be made available upon request.