



CMON LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1792)

Terms of Reference — Remuneration Committee

1. Establishment

- 1.1 The board of directors of CMON Limited (the “**Company**”) (the “**Board**”) has resolved the establishment of the remuneration committee (the “**Committee**”).
- 1.2 Subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Articles of Association of the Company, the procedures of the Committee shall be regulated by the provision of this set of terms of reference (the “**Terms of Reference**”).

2. Membership

- 2.1 The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members.
- 2.2 The majority of the Committee members should be independent non-executive directors of the Company.
- 2.3 The chairman of the Committee should be an independent non-executive director.
- 2.4 The quorum of the Committee meeting shall be two members.
- 2.5 A member who wishes to retire or resign from the Committee should provide notice to the Company so that a replacement may be appointed before he leaves.

3. Casting vote

- 3.1 In the case of an equality of votes, the chairman of the Committee shall have the casting vote.

4. Authority

The authorities of the Committee are:

- 4.1 to investigate any activity within the Terms of Reference and to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee and shall be provided with sufficient resources to discharge its duties; and
- 4.2 to obtain outside legal or other independent professional advice and to secure the attendance of professional persons with relevant experience and expertise if it considers this necessary.

5. Duty and Discretion

The duties and discretion of the Committee are:

- 5.1 to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration, of which a significant portion of executive director's remuneration should link rewards to corporate and individual performance, and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 5.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 5.3 either:
 - (a) to determine, with delegated responsibility, 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.

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

- 5.4 to make recommendations to the Board on the remuneration of non-executive directors;
- 5.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;

- 5.6 to review and approve compensation payable to executive directors and senior management 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;
- 5.7 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;
- 5.8 to ensure that no director or any of his associates is involved in deciding his own remuneration;
- 5.9 to advise the Company to disclose details of any remuneration payable to members of senior management by band in its annual reports;
- 5.10 to advise the shareholders of the Company with respect to any service contracts of directors that require shareholders' approval under the Listing Rules;
- 5.11 to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and
- 5.12 to consider other topics as defined by the Board.

6. Powers of the Board

- 6.1 The Board may, subject to compliance with the Articles of Association of the Company and the Listing Rules, amend, supplement and revoke these Terms of Reference and/or any resolution passed by the Committee provided that no amendments to or revocation of these Terms of Reference and/or any resolution passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if these Terms of Reference or resolution had not been amended or revoked.

7. Administration

- 7.1 The Committee shall hold at least one meeting each financial year. The meeting may be held by means of a conference telephone or other communication facility.
- 7.2 The meetings and proceedings are governed by the provisions contained in the Company's Articles of Association for regulating the meetings and proceedings of directors.
- 7.3 Unless otherwise agreed, notice of each meeting of the Committee shall confirm the venue, time and date together with an agenda of items to be discussed and shall be forwarded to each member of the Committee, any other person required

to attend and all other non-executive directors no later than three (3) working days before the date of the meeting. Supporting papers shall be sent to the Committee members and to other attendees as appropriate, at the same time.

7.4 The Company Secretary shall be the secretary of the Committee.

8. Reporting

8.1 The Committee shall report to the Board on its decisions or recommendations on a regular basis.

8.2 The Company Secretary shall keep full minutes of all meetings of the Committee and circulate the minutes of meetings and all written resolutions of the Committee to all members of the Board.

8.3 The Committee shall consult the chairman and/or the chief executive about their remuneration proposals for other executive directors. The Committee should have access to independent professional advice if necessary.

8.4 The chairman of the Committee should attend the annual general meeting. In his absence, he should invite another member of the Committee or failing this his duty appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

9. Disclosure

9.1 The Committee shall make available the Terms of Reference on the website of the Main Board operated by the Stock Exchange and the Company's website and explain the role of the Committee and the authority delegated to it by the Board.

Note: If there is any inconsistency between the English and the Chinese versions of this document, the English version shall prevail.

Revised and effective on 22 December 2022