# SICC CO., LTD.

## Terms of Reference of the Remuneration and Appraisal Committee

### Chapter I General Provisions

**Article 1** In order to further establish and improve the remuneration and appraisal management system for the Company's Directors (excluding independent non-executive Directors, hereinafter the same) and senior management personnel, and improve the Company's governance structure, the Company establishes the Remuneration and Appraisal Committee under the Board of Directors with these Terms of Reference in accordance with the Company Law of the PRC (《中華人民共和國公司法》), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"), the articles of association of SICC Co., Ltd. (the "**Articles of Association**") and other relevant requirements.

**Article 2** The Remuneration and Appraisal Committee is a specialized working body established under the Board of Directors. Its main responsibilities include formulating the assessment criteria for the Company's Directors and senior management personnel and conducting their assessments; and being in charge of formulating and reviewing the remuneration policies and plans for the Company's Directors, general manager, and other senior management personnel.

**Article 3** For the purpose of these Terms of Reference, Directors refer to non-independent Directors who receive remuneration from the Company. The general manager and other senior management personnel refer to the general manager, deputy general managers, chief financial officer (financial officer in charge), chief technology officer, secretary to the Board of Directors, and other senior management personnel appointed by the Board of Directors. Directors who do not receive remuneration from the Company are not within the scope of assessment under these Terms of Reference.

### Chapter II Composition

**Article 4** The Remuneration and Appraisal Committee shall be composed of no fewer than three Directors, with the majority being independent non-executive Directors who shall also serve as the convener.

**Article 5** Members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the Board of Directors or more than half of the independent non-executive Directors or one-third of all Directors and be selected or removed by the affirmative votes of more than half of all Directors.

**Article 6** The Remuneration and Appraisal Committee shall have one chairperson (convener), who shall be an independent non-executive Director, responsible for presiding over the Remuneration and Appraisal Committee's work. The chairperson shall be elected from among the Remuneration and Appraisal Committee members, subject to the approval of the Board of Directors.

**Article 7** The term of office of the members of the Remuneration and Appraisal Committee shall coincide with that of the Board of Directors. A member of the Remuneration and Appraisal Committee may be re-appointed if re-elected upon expiry of his/her term of office. If any member ceases to be a Director of the Company during his/her term of office, such member shall automatically lose his/her qualification as a committee member, and the committee shall replenish the number of members in accordance with the provisions of Article 4 to Article 6 of these Terms of Reference.

**Article 8** The Remuneration and Appraisal Committee shall establish a working group as the daily office, with the Company's human resources department as the leading unit, responsible for daily communication and meeting organization. Members of the working group are not required to be members of the Remuneration and Appraisal Committee.

## Chapter III Duties and Authority

**Article 9** The duties and authority of the Remuneration and Appraisal Committee shall include the authority set out in the relevant code provisions of Corporate Governance Code (the "**Corporate Governance Code**") (as amended from time to time) as contained in Appendix C1 of the Hong Kong Listing Rules.

**Article 10** The Remuneration and Appraisal Committee should consult with the chairman of the Board of Directors and/or the general manager of the Company on proposals related to the remuneration of other executive Directors. If necessary, the Remuneration and Appraisal Committee should be able to seek independent professional advice.

**Article 11** The main responsibilities and powers of the Remuneration and Appraisal Committee will include the duties and functions set out in the relevant provisions of the Corporate Governance Code. Without prejudice to the foregoing, the Remuneration and Appraisal Committee shall:

(I) Make recommendations to the Board of Directors on the overall remuneration policies and structure for the Company's Directors and senior management personnel, and on

the establishment of a regular and transparent procedure for formulating remuneration policies;

(II) Formulate remuneration plans or schemes for Directors and senior management personnel based on the main scope of their management positions, the time required, their responsibilities, significance, remuneration levels for relevant positions in other related enterprises or comparable companies, and employment conditions for other positions within the Group. The remuneration plans or schemes shall mainly include, but not be limited to, performance evaluation criteria, procedures, and key evaluation systems, as well as major plans and systems for rewards and punishments;

(III) Review and approve the remuneration proposals for the management in accordance with the corporate policies and objectives set by the Board of Directors;

(IV) Review the performance of Directors and senior management personnel in fulfilling their duties and conduct annual performance appraisals; Subject to the delegation of responsibility by the Board of Directors, determine the remuneration package for individual executive Directors and senior management personnel, or make recommendations to the Board of Directors regarding the remuneration package for individual executive Directors and senior management personnel, including non-monetary benefits, pension rights, and compensation amounts (including compensation for loss or termination of office or appointment);

(V) Make recommendations to the Board of Directors regarding the remuneration of non-executive Directors;

(VI) Consider the remuneration paid by comparable companies, the time required and responsibilities involved, as well as the employment conditions for other positions within the Company;

(VII) Review and approve the compensation to be paid to executive Directors and senior management personnel for loss or termination of office or appointment to ensure that such compensation is consistent with the contractual terms. If it is not consistent with the contractual terms, the compensation must still be fair and reasonable and not excessive;

(VIII) Review and approve the compensation arrangements for the dismissal or removal of Directors due to their misconduct to ensure that such arrangements are consistent with the contractual terms. If they are not consistent with the contractual terms, the relevant compensation must still be reasonable and appropriate;

(IX) Ensure that no Director or any of their associates shall participate in determining their own remuneration;

(X) Supervise the implementation of the Company's remuneration system;

(XI) Review and/or approve matters relating to share option plans in accordance with Chapter 17 of the Hong Kong Listing Rules (as amended and supplemented from time to time);

(XII) Other matters stipulated by laws, regulations, rules, normative documents, the Articles of Association, and these Terms of Reference, required by the securities regulatory rules of the place where the Company's shares are listed, or authorized by the Board of Directors.

**Article 12** The Remuneration and Appraisal Committee is responsible for formulating the assessment criteria for Directors and senior management personnel and conducting their assessments, as well as formulating and reviewing the remuneration policies and plans for Directors and senior management personnel. It also makes recommendations to the Board of Directors on the following matters:

(I) The overall remuneration policies and structure for Directors and senior management personnel, and the establishment of a regular and transparent procedure for formulating remuneration policies;

(II) The remuneration of Directors;

(III) Formulating or amending equity incentive plan and employee share ownership schemes, and the conditions for the grant of benefits to the incentive targets and the exercise of such benefits;

(IV) Shareholding plans arranged by Directors and senior management personnel in the proposed spin-off subsidiaries;

(V) Other matters stipulated by laws and regulations, the CSRC, the Hong Kong Listing Rules, the relevant provisions of the Shanghai Stock Exchange, and the Articles of Association.

If the Board of Directors does not adopt or does not fully adopt the recommendations of the Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for not adopting such recommendations in the resolution of the Board of Directors and disclose them.

**Article 13** The Remuneration and Appraisal Committee is accountable to the Board of Directors and reports its work to the Board of Directors. The Board of Directors has the authority to veto any compensation plan or scheme that is detrimental to the interests of all shareholders. The Board of Directors should fully respect the recommendations of the Remuneration and Appraisal Committee regarding the compensation distribution plans for senior management personnel of the Company. Unless there are sufficient reasons or reliable evidence to prove that the recommendations of the Remuneration and Appraisal Committee are inappropriate, the Board of Directors should adopt the compensation distribution plans for senior management personnel of the Company proposed by the Remuneration and Appraisal Committee. If the Remuneration and Appraisal Committee makes recommendations to the Board of Directors regarding the remuneration of individual executive Directors and senior management personnel, and the Board of Directors passes a resolution on remuneration or compensation arrangements that the Remuneration and Appraisal Committee disagrees with, the Board of Directors shall disclose the reasons for passing such a resolution in the next Corporate Governance Report.

**Article 14** The compensation plan for the Company's Directors proposed by the Remuneration and Appraisal Committee must be submitted to the Board of Directors for approval and then presented to the shareholders' meeting for deliberation and approval before it can be implemented. The compensation distribution plan for the Company's general manager and other senior management personnel must be approved by the Board of Directors.

## Chapter IV Working Procedures

**Article 15** The working group under the Remuneration and Appraisal Committee is responsible for the preliminary preparations for the decisions of the Remuneration and Appraisal Committee, and provides the following relevant information about the Company:

(I) Provide information on the Company's main financial indicators and the completion of its business objectives;

(II) The scope of work allocation and the main responsibilities of the Company's general manager and other senior management personnel;

(III) Provide the completion status of the indicators involved in the performance appraisal system for the Company's Directors, general manager, and other senior management personnel;

(IV) Provide the business innovation capability, profit creation capability, and operating performance of the Company's Directors, general manager, and other senior management personnel;

(V) Provide the relevant calculation basis for formulating the compensation distribution plan and methods based on the Company's performance.

**Article 16** The assessment procedures of the Remuneration and Appraisal Committee for the Company's Directors, general manager, and other senior management personnel are as follows:

(I) The Company's Directors, general manager, and other senior management personnel make performance reports and self-assessments to the Remuneration and Appraisal Committee;

(II) The Remuneration and Appraisal Committee evaluates the performance of the Company's Directors, general manager, and other senior management personnel in accordance with the performance evaluation standards and procedures;

(III) Based on the performance evaluation results of the positions and the compensation distribution policy, it proposes the remuneration amounts and reward methods for the Company's Directors, general manager, and other senior management personnel. After the proposal is passed by a vote, it is submitted to the Company's Board of Directors or the shareholders' meeting for approval.

## Chapter V Rules of Procedure

**Article 17** The Remuneration and Appraisal Committee may convene irregular meetings as needed by the Company, and all members shall be notified five days prior to the meeting. The meeting shall be proposed and chaired by the chairperson. If the chairperson is unable to attend, he or she may delegate a member to preside over the meeting.

**Article 18** A meeting of the Remuneration and Appraisal Committee shall be held only if more than two-thirds of the members are present. Each member has one voting right. Resolutions made at the meeting must be passed by a majority of all members.

**Article 19** The voting methods for the Remuneration and Appraisal Committee meetings include show of hands or ballot voting. For ad hoc meetings, voting may be conducted through correspondence.

**Article 20** Members of the working group under the Remuneration and Appraisal Committee may attend the meetings of the Remuneration and Appraisal Committee. When necessary, the Remuneration and Appraisal Committee may invite Directors, supervisors, and senior management personnel of the Company to attend the meetings.

**Article 21** The Remuneration and Appraisal Committee shall have adequate resources to perform its duties. Where necessary, the Remuneration and Appraisal Committee may engage intermediary agencies to provide professional opinions for its decision-making, and the costs shall be borne by the Company.

**Article 22** When the Remuneration and Appraisal Committee discusses topics related to its members (such as evaluating a Director personally or discussing their remuneration) at the meeting, the member with a conflict of interest should abstain. If the abstention prevents the formation of an effective review opinion, the relevant matters shall be directly reviewed by the Board of Directors.

**Article 23** The procedures for convening meetings of the Remuneration and Appraisal Committee, the methods of voting, and the remuneration policies and distribution plans passed by the meetings must comply with the provisions of relevant laws and regulations, the Hong Kong Listing Rules, the Articles of Association, and these Terms of Reference.

**Article 24** Minutes of meetings of the Remuneration and Appraisal Committee shall be recorded and signed by the members present, and shall be kept for not less than ten years. Draft and final versions of minutes should be sent to all committee members within a reasonable time after the meeting for their comments and record purposes respectively. Minutes of meetings shall record details of the matters considered and decisions reached, including any concerns raised or dissenting views expressed by Directors. Such minutes of meetings of the committee shall be kept by a duly appointed secretary of the meeting and open for inspection at any reasonable time on reasonable notice by any Director.

**Article 25** Resolutions passed and voting results at meetings of the Remuneration and Appraisal Committee shall be reported to the Board of Directors of the Company in writing.

**Article 26** Members present at meetings shall have an obligation to keep all matters discussed in such meetings confidential and shall not disclose relevant information without authorization.

## Chapter VI Corporate Governance Report

**Article 27** The Remuneration and Appraisal Committee shall provide a brief description of its work for each financial year in the corporate governance report, which forms part of the annual report.

**Article 28** The Company should disclose the Directors' remuneration policy, together with details of any remuneration payable to the senior management personnel by band and other remuneration-related matters in its annual reports.

## Chapter VII Annual General Meeting

**Article 29** The chairperson of the Remuneration and Appraisal Committee or in his/her absence, another member of the committee or failing this, his/her duly appointed delegate, shall attend the annual general meeting and be prepared to answer questions at such meeting on the committee's work and its responsibilities.

## Chapter VIII Supplementary Provisions

**Article 30** Unless otherwise expressly specified in relevant national laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed, the "independent non-executive Director(s)" referred to herein shall have the same meaning as that of "independent Director(s)".

**Article 31** Matters not covered herein shall be dealt with in accordance with the relevant provisions of the relevant national laws, administrative regulations, regulatory documents, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association. In the event that these Terms of Reference contradict to the laws, administrative regulations, regulatory documents promulgated by the State in the future, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, these Terms of Reference shall be revised promptly.

**Article 32** These Terms of Reference shall be formulated, interpreted and amended by the Board of Directors of the Company.

**Article 33** Upon being considered and approved by the Board of Directors, these Terms of Reference shall become effective from the date on which the overseas listed ordinary shares (H shares) issued by the Company are listed on The Stock Exchange of Hong Kong Limited. After these Terms of Reference come into effect, the original Terms of Reference for the Remuneration and Appraisal Committee of the Company shall become invalid automatically.