



DAISHO MICROLINE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0567)

Terms of Reference of the Remuneration Committee

(Adopted on 30 December 2022)

Daisho Microline Holdings Limited

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1. Constitution

1.1 The board (the “**Board**”) of directors (the “**Director(s)**”) of Daisho Microline Holdings Limited (the “**Company**”) had resolved on 22 December 2005 to establish a committee known as the Remuneration Committee (the “**Committee**”) to assist the Board to formulate and review the remuneration policy and the specific remuneration packages of all executive Directors and senior management of the Company and its subsidiaries (collectively, the “**Group**”). The terms of reference of the Committee have been updated and amended on 30 December 2022 pursuant to the resolutions of the Board in compliance with the Corporate Governance Code under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

2. Membership

2.1 The Committee members shall be appointed by the Board from amongst the Directors and shall consist of not less than three members. The majority of the Committee members must be independent non-executive Directors.

2.2 The Chairman of the Committee shall be an independent non-executive Director as appointed by the Board.

2.3 The terms of office of the Committee members shall be determined by the Board.

2.4 The Company Secretary of the Company, or any person duly appointed by the Committee, shall act as the secretary of the Committee.

3. Attendance at Meetings

3.1 Only members of the Committee have the right to attend Committee meetings. The Committee may invite persons, including the Chairman of the Board, the Chief Executive and other senior management of the Company or the Group, to attend meetings where appropriate to assist in the effective discharge of the Committee’s duties.

3.2 The quorum of a meeting of the Committee shall be any two Committee members.

4. Frequency and Proceedings of Meetings

- 4.1 The Committee shall meet at least one time a year. Any Committee member or the secretary of the Committee may convene Committee meetings if necessary.
- 4.2 Notice of meetings has to be given at least 14 days prior to any such meeting being held, unless all members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a member shall be deemed waiver of the requisite length of notice by the member. Notice of any adjourned meetings is not required if adjournment is for less than 14 days.
- 4.3 Meetings may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.
- 4.4 Resolutions of the Committee at any meeting shall be passed by a majority of votes of the members present.
- 4.5 A resolution in writing signed by all the members shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

5. Minutes

- 5.1 Full minutes of the Committee meetings should be kept by the secretary of the Committee. Draft and final version of minutes of the Committee meetings should be sent to all members of the Committee for their comment and records within a reasonable time after the meetings.

6. Authority

- 6.1 The Committee should consult the Chairman of the Board and/or the Chief Executive of the Company about their remuneration proposals for other executive Directors. The Committee should have access to independent professional advice if necessary.
- 6.2 The Committee should be provided with sufficient resources to discharge its duties.

7. Terms of Reference

The specific duties of the Committee shall be:

- 7.1 to make recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- 7.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 7.3 to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 7.4 to make recommendations to the Board on the remuneration of non-executive Directors;
- 7.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- 7.6 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;
- 7.7 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;
- 7.8 to ensure that no Director or any of their associates is involved in deciding their own remuneration; and
- 7.9 to review and/or approve matters relating to share schemes as stipulated in Chapter 17 of the Listing Rules.

8. Annual General Meeting

8.1 The Chairman of the Committee or another member shall attend the Company's Annual General Meeting and be prepared to respond to shareholders' questions on the activities of the Committee and their responsibilities.

9. Reporting Responsibilities

9.1 The Committee shall report to the Board as and when appropriate.

10. Publication of the Terms of Reference

10.1 The Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the websites of the Company and the Stock Exchange.

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