



AVIC Joy Holdings (HK) Limited

幸福控股(香港)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 260)

(the “Company”)

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. Membership

- 1.1 Members of the remuneration committee (the “**Committee**”) shall be appointed by the board of directors of the Company (the “**Board**”), where appropriate, in consultation with the chairman of the Committee (the “**Committee Chairman**”). The Committee shall be made up of at least three members (“**Members**”).
- 1.2 Majority of members of the Committee shall be independent non-executive directors.
- 1.3 Only Members of the Committee have the right to attend Committee meetings. Other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 1.4 The Board shall appoint the Committee Chairman who must be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining Members present shall elect one of their Members to chair the meeting.

2. Secretary

- 2.1 The company secretary of the Company or his/her nominee shall act as the secretary of the Committee.
- 2.2 The Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Committee.

3. Quorum, Attendance at Meetings and Resolutions

- 3.1 The quorum necessary for the transaction of business shall be two Members. A duly convened meeting of the Committee at which a quorum is present shall be

competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

- 3.2 Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 3.3 Resolutions of the Committee at any meetings shall be passed by a majority of votes of the Members present.
- 3.4 A resolution in writing signed by all the Members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

4. Frequency of Meetings

The Committee shall meet at least once a year and otherwise as required. Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its Members.

5. Minutes of Meetings

The Committee Chairman shall arrange for keeping of records of resolutions passed at Committee meetings, and circulate the same to all Members of the Committee within a reasonable time after each meeting and, once agreed, to all Members of the Board.

6. Annual General Meeting

The Committee Chairman should, as far as practicable, attend the annual general meeting of the Company and make himself available to respond to any shareholder questions on the Committee's activities.

7. Responsibility, Powers and Discretion

The Committee shall have the following responsibilities, powers and discretion:

- 7.1 to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration 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 determine, with delegated responsibility, 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;
- 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 that director's own remuneration; and
- 7.9 to review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

8. Reporting Responsibilities

- 8.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9. Authority

- 9.1 The Committee should consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive directors. The Committee should have access to independent professional advice, at the Company's expense, if necessary.
- 9.2 The Committee is authorised by the Board to seek any remuneration related information it requires from senior management of the Company in order to perform its duties.
- 9.3 The Committee shall be provided with sufficient resources to perform its duties.

Revised on 21 December 2022

In the event of any inconsistency between the Chinese version and the English version of these terms of reference, the English version shall prevail.