



**AUTO ITALIA HOLDINGS LIMITED**  
**意達利控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 720)**

**TERMS OF REFERENCE OF  
REMUNERATION COMMITTEE**

**1. CONSTITUTION**

The board (the “**Board**”) of directors (the “**Directors**”) of AUTO ITALIA HOLDINGS LIMITED (the “**Company**”) has resolved to establish a committee for consideration the policy and structure for the remuneration of executive Directors, evaluating the performance of executive Directors, reviewing incentive schemes and directors’ service contracts and fixing the remuneration packages of the Directors and senior management of the Company to be known as the remuneration committee (the “**Committee**”).

**2. MEMBERSHIP**

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

2.2 Only members of the Committee (including the Secretary (defined as below)) have the right to attend Committee meetings. However, other individuals such as the executive chairman, the chief executive, the head of human resources department and external advisers may be invited to attend for all or part of any meeting, as considered appropriate, provided that they shall have no voting rights on any resolutions of the Committee.

2.3 A Committee member may not appoint any alternate to attend any Committee meeting.

\* *For identification purpose only*

- 2.4 Formal meetings of the Committee can be held in person, by telephone or by video conference which allows those participating to hear and speak to each other, and the quorum in that event shall be any two Committee members so linked by telephone or other similar communication equipment.
- 2.5 The Board shall appoint the chairman of the Committee (the “**Committee Chairman**”) who shall be an independent non-executive Director or the chairman of the Board and determine the period for which he will hold that office. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves, who should be an independent non-executive Director or the chairman of the Board, to chair the meeting.
- 2.6 A member of the Committee who ceases to be a Director shall immediately and automatically cease to be a member of the Committee.

### **3. THE SECRETARY**

The company secretary of the Company, or his/her nominee, or a staff from legal and company secretarial department of the Group with appropriate qualification and experiences shall act as the secretary of the Committee (the “**Secretary**”).

### **4. SENIOR MANAGEMENT**

For the purpose of this document, senior management shall mean those employees or officers who are determined to be senior management by the Board.

### **5. QUORUM**

The quorum of the Committee meeting shall be at least two members of the Committee. 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.

### **6. PROCEEDINGS OF THE COMMITTEE**

- 6.1 Unless varied by these terms of reference, meetings and proceedings of the Committee shall be governed by the Company’s bye-laws regulating the meetings and proceedings of the Directors of the Company.
- 6.2 No Committee member may vote on any resolution of the Committee regarding his/her own remuneration.

## **7. FREQUENCY OF MEETINGS**

Meetings of the Committee shall be held as and when appropriate, but at least once a year. The Committee Chairman or any other Committee member may convene a meeting of the Committee whenever he or she considers it is necessary or desirable.

## **8. NOTICES OF MEETINGS**

8.1 Meetings of the Committee shall be summoned by the Secretary at the request of any of its members.

8.2 Notice of any meetings has to be at least 14 days prior to any such meeting being held. 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 of the Committee. A member of the Committee 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.

8.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of item(s) to be discussed, shall be forwarded to each Committee member and any other person required to attend, with reasonable notice, before the date of the meeting. Relevant papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **9. MINUTES OF MEETINGS**

9.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

9.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

9.3 Full minutes of meetings should be kept by the Secretary. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and to all members of the Committee for records respectively, in both cases within a reasonable time after the meeting.

## **10. COMMITTEE’S RESOLUTIONS**

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 and may consist of several documents in like form each signed by one or more of the members of Committee. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for a Board or Committee meeting to be held.

## **11. ANNUAL GENERAL MEETING**

The Committee Chairman or in his/her absence, another Committee member or failing that his/her duly appointed delegate shall attend the annual general meeting of the Company so as to be available to answer questions from the shareholders of the Company on matters within the scope of duties of the Committee.

## **12. AUTHORITY**

12.1 Subject to any specific directions of the Board from time to time and without prejudice or relieving the need to abide by and comply with any laws and or regulations governing any reporting requirements or conduct of business of the Company, the Committee is authorized by the Board:-

12.1.1 to investigate any activity within its terms of reference;

12.1.2 to seek any required information from any employee and all employees are directed to co-operate with any request made by the Committee; and

12.1.3 to be provided with sufficient resources to perform its duties, including obtaining independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

12.2 Remuneration levels should be sufficient to attract and retain Directors to run the company successfully, without paying more than is necessary.

12.3 No director should be involved in deciding his/her own remuneration.

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

12.5 The Committee is authorized by the Board, and at the reasonable expense of the Company, to obtain outside legal or other independent professional advice and to secure attendance of outsiders with the relevant experience and expertise if it considers this necessary to perform its responsibilities.

### 13. DUTIES

The duties of the Committee shall be:-

- (a) to make recommendations to the Board on the Group'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 policy;
- (b) to have the delegated responsibility to determine 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, and make recommendations to the Board on the remuneration of non-executive Directors;
- (c) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (d) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (e) 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;
- (f) 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;
- (g) to ensure that no Director of the Board or any of his/her associates is involved in deciding his/her own remuneration;
- (h) to consider other topics as it is directed by the Board to do so;
- (i) to utilize information received internally and externally to satisfy itself that basic salaries are competitive with current market conditions and that the total remuneration package/benefits are competitive with other companies of a similar size, business nature and scope as the Company;

- (j) to ensure that the Chairman, the directors of the Company and the senior management of the Company are fairly rewarded in the light of their contribution to the Company and their performance and that they receive suitable incentives to maintain high standards of performance and to improve their, and the Company's performance;
- (k) to ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Companies Ordinance and the Listing Rules are fulfilled; and
- (l) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

#### **14. REPORTING PROCEDURES**

14.1 The Secretary shall circulate the minutes of meetings and reports of the Committee to all members of the Committee.

14.2 The Committee should report to the Board on their decisions or recommendations on a regular basis, unless there are legal or regulatory restrictions on their ability to do so (such as restrictions on disclosure due to regulatory requirements).

#### **15. AVAILABILITY OF THE TERMS OF REFERENCE**

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 Stock Exchange's website and the Company's website.

March 2023