

Cosmo Lady (China) Holdings Company Limited

都市麗人(中國)控股有限公司

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

Constitution

1. The remuneration committee (the “Committee”) is established pursuant to a resolution passed by the board of directors (the “Board”) of Cosmo Lady (China) Holdings Company Limited (the “Company”) on 9 June 2014.

Membership

2. The Committee shall be appointed by the Board and shall consist of not less than three members and a majority of the independent non-executive directors of the Company (“INEDs”).
3. The chairman of the Committee shall be appointed by the Board and shall be an INED. In the absence of the chairman, the remaining members present shall elect one of themselves to chair the meeting. The chairman of the Board shall not be the chairman of the Committee.

Secretary

4. The company secretary of the Company shall be the secretary of the Committee. In the absence of the secretary, the remaining members present shall elect one of themselves or appoint another person as the secretary for that meeting.

Meetings

5. The Committee shall meet at least once a year. Additional meetings may be held as and when required.
6. A meeting of the Committee may be convened by any of its members through the company secretary.
7. The quorum of a meeting shall be two members of the Committee (at least one of whom should be an INED).
8. Only members of the Committee have the right to attend Committee meetings. Other persons including but not limited to any director, management, external advisor or consultant may be invited by the Committee to attend for all or part of any meeting as and when appropriate.
9. Meetings of the Committee may be held either in person or through electronic means of communication or in such other manner as the members may agree.

10. Members must abstain from voting in respect of any resolution which he/she is an interested party.
11. Full minutes of the Committee should be kept by the secretary of the Committee.

Authority

12. The authorities of the Committee shall include such authorities set out in the relevant code provisions of the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).
13. The Committee is authorized by the Board to seek any information it requires from the management of the Company in order to perform its duties.
14. The Committee is authorized by the Board to obtain outside legal or any other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
15. The Committee shall consult the chairman of the Board and/or the chief executive officer of the Company about its proposals relating to the remuneration of other executive directors.

Duties and functions

16. The duties and functions of the Committee shall include such duties and functions set out in the relevant code provisions of the CG Code. Without prejudice to the foregoing, the Committee shall be:–
 - (a) to make recommendations to the Board on the Company’s policy and structure for the remuneration of all directors and senior management and on the establishment of formal and transparent procedures for developing remuneration policy;
 - (b) to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
 - (c) either:
 - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or
 - (ii) 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;

- (d) to make recommendations to the Board on the remuneration of non-executive directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
- (f) 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;
- (g) 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;
- (h) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration; and
- (i) to consider other topics as defined or directed by the Board.

Reporting procedures

17. The Committee shall report directly to the Board on its findings, decisions and/or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as restriction on disclosure due to regulatory requirements). At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report the findings, decisions and/or recommendations of the Committee to the Board. The company secretary shall also circulate the minutes of meetings, reports and/or written resolutions (if any) of the Committee to all members of the Board.

Revised on the 21 December 2018