

C.P. LOTUS CORPORATION
(the “Company”)

Terms of Reference
of
Remuneration Committee
(the “Committee”)
(as amended on 17 December 2018)

CONSTITUTION

- The Committee was set up by the board of directors of the Company (the “Board”) on 8 September, 2005 to recommend to the Board on the Company’s policy and structure for all remuneration of the Board members and senior management, on the establishment of a formal and transparent procedure for developing policy on such remuneration.
- Subject to the regulations contained in the Companies Law, Cap 22 of Cayman Islands, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Articles of Association of the Company, the procedures of the Committee shall be regulated by the provisions set out in these terms of reference.
- These terms of reference as amended by the Board on 17 December 2018 supersede the terms of reference first adopted on 8 September 2005 and subsequently amended on 27 March 2012. The Board has the authority to review and amend the terms of reference from time to time.

MEMBERSHIP

- The members of the Committee shall be appointed by the Board from time to time. The majority of whom must be independent non-executive directors (“INEDs”) of the Company.
- The chairman of the Committee shall be appointed by the Board and the Committee must be chaired by an INED.
- The company secretary or any person nominated by the Committee shall act as the secretary of the Committee.
- A member who wishes to retire or resign from the Committee shall serve sufficient prior written notice to the Company. A member who ceases to be a member of the Board shall immediately and automatically cease to be a member of the Committee.

COMMITTEE MEETINGS

- Unless otherwise stipulated herein, the meetings and proceedings of the Committee shall be governed by the provisions contained in the Articles of Association for regulating the meetings and proceedings of directors.
- The quorum for meeting of the Committee shall be two members.
- The Committee shall meet at least once every year to discharge its duties set forth in these terms of reference. The chairman or the secretary on the requisition of the chairman shall at any time summon a meeting of the Committee. Additional meetings shall be held as the work of the Committee demands. It is expected that the Committee meeting will normally involve the active participation of each member, either in person or through other electronic means of communication.
- Seven days' notice or such shorter notice as may be agreed by members will be given by the secretary specifying the place, date, time and agenda of the meeting.
- The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants to advise its members.
- If a member has a conflict of interest in a matter to be considered by the Committee which the Committee has determined to be material, the matter should be dealt with by way of Committee meeting and the interested member shall not vote at the relevant meeting of the Committee.
- Minutes of the Committee meetings should be kept by the secretary of the Committee and such minutes should be open for inspection at any reasonable time on reasonable notice by any member or director.

AUTHORITY, DUTIES AND FUNCTIONS

The Committee shall:-

- 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 a remuneration policy.
- Review and consider the management's remuneration structure with reference to the Board's corporate goals and objectives.
- Consider and recommend to the Board the remuneration of executive directors and senior management, including benefits in kind, fees, salaries, allowances, bonuses, incentive payment, share option, pension right and compensation payment (including any compensation payable for loss or termination of their office or appointment etc).
- Make recommendations to the Board on the remuneration of non-executive directors.

- Consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the CP Lotus Group.
- 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.
- 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.
- Ensure that no director or any of his associates is involved in deciding his own remuneration.
- Consider the annual performance bonus for directors and senior management having regard to their achievements against the performance criteria and by reference to market norms and make recommendation to the Board to ensure that remuneration is competitive wherever the Company operates and at a level which will enable the Company to attract, retain and motivate directors, senior management of the appropriate calibre.
- Engage external professional advisors to assist and/or advise the Committee on issues as it considers necessary at the Company's expenses.
- The chairman of the Committee or in his/her absence, an alternative member or failing this, his/her duly appointed delegate, shall attend the annual general meetings/general meetings of the Company and be prepared to answer questions concerning the remuneration of any director.
- Do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board.
- Conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.

REPORTING PROCEDURES

- The secretary of the Committee shall circulate the minutes of Committee meetings, reports and relevant information to all members and if the chairman of the Committee so decides, be circulated to such other director(s) who is/are not member(s) of the Committee.
- The Committee should report back to the Board on their findings and recommendations or decisions made, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).