

**DAPHNE INTERNATIONAL HOLDINGS LIMITED**  
**達 芙 妮 國 際 控 股 有 限 公 司 \***

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock code: 210)

**TERMS OF REFERENCE**  
**OF**  
**REMUNERATION COMMITTEE**

(Adopted as amended by the Board on 19 March 2012)

**Membership**

1. The remuneration committee (the “**Committee**”) shall be appointed by the board of the directors (the “**Board**”) of the Company from amongst directors of the Company and shall consist of not less than three members, a majority of whom should be independent non-executive directors.
2. The chairman of the Committee (the “**Committee Chairman**”) shall be an independent non-executive director appointed by the Board.
3. Appointments to the Committee shall be co-terminus with the directorship of the relevant members (whether by retirement, rotation or otherwise).

**Quorum**

4. The quorum necessary for physical meetings and meetings held through electronic means shall be two members who are independent non-executive directors.

**Attendance at meetings**

5. The company secretary of the Company or a nominee shall act as the secretary of the Committee (the “**Secretary**”).

**Frequency and proceedings of meetings**

6. The Committee shall meet at least annually and at such other times as the Committee shall require. The Committee Chairman or any other member may convene a meeting of the Committee whenever he considers necessary.
7. Notice of Committee meetings shall be given to all members. Notice of the Committee meetings shall be deemed to be duly given to a member if it is given to him or her verbally or in writing sent to the last address or email address given by him or her to the Company.
8. Only members of the Committee are entitled to vote at the meetings and resolutions of the Committee shall be passed by a majority of votes of the members present.
9. Except as required by laws, a resolution signed by all members of the Committee shall be as valid as if it had been passed at a meeting of the Committee.

\* *for identification purpose only*

10. Any member of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities that permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

### **Authority**

11. The Committee is authorised by the Board to seek any information it requires from any employee or director of the Company in order to perform its duties.
12. The Committee is authorised by the Board to obtain advice from any independent person, if necessary and at the expense of the Company, including professional consultants, whom it regards as competent to give such advice.

### **Duties**

13. The Committee shall have the following duties:
  - (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 a formal and transparent procedure 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) to determine the remuneration packages of executive directors and senior management, including share option benefits, benefits in kind, pension rights, compensation payments (including compensation for loss or termination of office or appointment);
  - (d) in making recommendations and decisions, to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
  - (e) to consult the chairman/chief executive officer about the remuneration proposals for other executive directors;
  - (f) to make recommendations to the Board on the remuneration of non-executive directors;
  - (g) to review the compensation arrangements in connection with any loss or termination of their office or appointment, or dismissal or removal for misconduct to executive directors and senior management and in accordance with relevant contractual terms and that any compensation payment shall otherwise be fair and not excessive;
  - (h) to ensure that no director or any of his or her associates is involved in deciding his or her own remuneration;
  - (i) to do any things to enable the Committee to discharge its powers and functions conferred on it by the Board;
  - (j) to advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"); and
  - (k) to exercise such other powers, authorities and discretions, and perform such other duties of the Board in relation to the remuneration of the executive directors and senior management as the Board may from time to time delegate to it, having regard the Code on Corporate Governance Practices of the Listing Rules.

### **Reporting procedures**

14. Full minutes of the meetings of the Committee 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 records within a reasonable time after the meeting.

15. The Secretary shall circulate the minutes of meetings to all Board members.
16. The Committee shall, unless there are legal or regulatory restrictions from doing so, report its decisions or recommendations to the Board on a regular basis, normally at the next meeting of the Board following a meeting of the Committee.
17. The Committee shall report to the Board on the matters under these terms of reference.

**Annual general meeting**

18. The Committee Chairman or in his or her absence, another member of the Committee, 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.

**Publication and update of these terms of reference**

19. These terms of reference shall be updated and revised as when necessary in light of changes in circumstances and changes in regulatory requirements in Hong Kong.
20. These terms of reference shall be published on the websites of the Company and The Stock Exchange of Hong Kong Limited.