

HIGH FASHION INTERNATIONAL LIMITED

Terms of reference of Remuneration Committee

(Adopted by the Board in August 2005 and last reviewed in March 2012)

A. Membership

- A.1 Members of the Remuneration Committee shall be appointed by the Board. The Remuneration Committee shall consist of a minimum of three members, a majority of whom are independent non-executive directors.
- A.2 The Board shall appoint the chairman of the Remuneration Committee who shall be an independent non-executive director.

B. Remuneration Committee meetings

- B.1 The meetings and proceedings of the Remuneration Committee shall be governed by the provisions contained in the Bye-Laws for regulating the meetings and proceedings of Directors.
- B.2 The quorum for meeting of the Remuneration Committee shall be two members.
- B.3 The Company Secretary or his/her nominee shall be the secretary of the Remuneration Committee.
- B.4 Notice of each meeting confirming the venue, time and date, shall be forwarded to each member of the Committee and any other person required to attend at least 14 days before the date of the meeting.
- B.5 Full minutes of the Remuneration Committee meetings should be kept by the secretary of the Remuneration Committee and such minutes should be open for inspection at any reasonable time on reasonable notice by any member or director.
- B.6 If a member has a conflict of interest in a matter to be considered by the Remuneration Committee which the Remuneration Committee has determined to be material, the matter should be dealt with by way of Remuneration Committee meeting and the interested member shall not vote nor shall he be counted in the quorum present at the relevant meeting of the Remuneration Committee.
- B.7 A resolution in writing signed by all members for the time being shall be as effective for all purposes as a resolution of the members passed at a meeting duly convened, held and constituted.

Attendance at meetings

- B.8 The members of Remuneration Committee shall normally attend Committee meetings. Other individuals such as Chairman of the Board, Executive Director, the Group's Senior Management and Head of Group Human Resources, may be invited to attend for all or part of any meeting, as and when appropriate.

Frequency of meetings

- B.9 The Remuneration Committee should be held not less than once a year. It is expected that such regular Remuneration Committee meetings will normally involve the active participation, either in person or through other electronic means of communication, of a majority of members entitled to be present.

C. Authority

- C.1 The Remuneration Committee is authorized by the Board to perform any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Remuneration Committee.
- C.2 The Remuneration Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

D. Duties and powers

- D.1 The duties and powers of the Remuneration Committee shall be:-
- (a) 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. In principle, remuneration levels should be sufficient to attract and retain directors to run the company successfully without paying more than necessary. The Board will upon receipt of the Committee's recommendation discuss the same and then formally adopt a formal and transparent procedure for setting such policies;
 - (b) to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
 - (c) to consider two alternative models for adoption, it shall either:-
 - (i) determine with delegated responsibility the remuneration packages of individual executive directors and senior management; or
 - (ii) play an advisory role to the Board, with the board having final authority to approve 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 Group;
- (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 associates is involved in deciding his own remuneration;
- (i) to consult the Chairman and/or Managing Director about their proposals for other executive directors. The Remuneration Committee should have access to independent professional advice if necessary.
- (j) to do any such things to enable the Committee with sufficient resources to perform its duties;
- (k) The chairman of the Remuneration Committee or in his absence, another member or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting.

E. Reporting procedures

- E.1 The secretary of the Remuneration Committee shall circulate the minutes of Remuneration Committee meetings, reports of the Remuneration Committee and relevant information to all directors.
- E.2 The Remuneration Committee should report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

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