

**TS WONDERS HOLDING LIMITED**  
(the “**Company**”, together within its subsidiaries, the “**Group**”)

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

Adopted by resolutions of the Board of Directors on 20 December 2018

**1. CONSTITUTION**

1.1 The board of directors (“**Director(s)**”) of the Company (the “**Board**”) resolved to establish a remuneration committee (the “**Remuneration Committee**”) on 20 December 2018, with effect from the listing date of the Company.

**2. FUNCTIONS**

2.1 The Remuneration Committee is appointed by the Board with a view to:

- (a) make recommendations to the Directors on the policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration;
- (b) determine the terms of the specific remuneration package of the Directors and senior management; and
- (c) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

**3. MEMBERSHIP**

3.1 Members of the Remuneration Committee shall be appointed by the Board. The Remuneration Committee shall consist of not less than three members and the majority of which shall be independent non-executive Directors.

3.2 The Board shall have the right to appoint and remove members of the Remuneration Committee. The Board shall also have the right to appoint additional members to the Remuneration Committee.

3.3 The term of each appointment to the members of the Remuneration Committee shall be determined by the Board upon appointment.

**4. CHAIRMAN**

4.1 The Board shall appoint a chairman (the “**Chairman**”) for the Remuneration Committee who is an independent non-executive Director.

4.2 In the absence of the Chairman at any meeting of the Remuneration Committee, the remaining members of the Remuneration Committee present at any meeting convened in accordance with these terms of reference shall elect among the remaining members of the Remuneration Committee to act as the Chairman.

4.3 The Chairman may be removed at any time by the Board.

## 5. SECRETARY

5.1 The company secretary or his/her nominee shall act as the secretary of the Remuneration Committee.

5.2 In the absence of the secretary of the Remuneration Committee, the members of the Remuneration Committee present at the meeting shall elect another person with appropriate qualification and experience to act as the secretary.

5.3 No Director should be involved in and shall abstain from discussion in deciding the nomination of his/her associates.

5.4 The Chairman, in consultation with the director responsible for human resources function (the “**Responsible Director**”) and the secretary of the Remuneration Committee, should be primarily responsible for drawing up and approving the agenda for each Remuneration Committee meeting. The Chairman, with the assistance of the secretary, shall ensure that all members shall receive sufficient information in a timely manner to enable effective discussion at the Remuneration Committee meeting. The Chairman shall, with the assistance of the Responsible Director, brief all members on issues arising at each Remuneration Committee meeting.

## 6. NOTICE

6.1 Unless otherwise agreed in writing by all members of the Remuneration Committee, a meeting of the Remuneration Committee shall be called by at least seven days’ notice.

6.2 A member of the Remuneration Committee may and, on the request of a member of the Remuneration Committee, the secretary to the Remuneration Committee shall, at any time summon a meeting of the Remuneration Committee. Notice shall be given to each member of the Remuneration Committee orally in person or in writing or by telephone or by telex or telegram or facsimile transmission or electronic mail at the telephone or facsimile or address or electronic mail address from time to time notified to the secretary by such member of the Remuneration Committee by such other means as the members may from time to time determine. Any notice given orally shall be confirmed in writing.

6.3 Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with the meeting papers and other documents which may be required to be considered by the members of the Remuneration Committee for the purposes of the meeting shall be sent in full to all members of the Remuneration Committee in a timely manner and at least seven days before the intended date of a Remuneration Committee meeting or such other period as agreed in writing by all members of the Remuneration Committee.

## **7. QUORUM**

- 7.1 The quorum necessary for the transaction of business shall be two. No business shall be transacted at any meeting of the Remuneration Committee unless a quorum of members is present at the time when the meeting proceeds to business.
- 7.2 If only two members are present in any meeting of the Remuneration Committee, at least one member must be an independent non-executive Director.
- 7.3 Other Directors who are not members of the Remuneration Committee shall have the right to attend any meetings of the Remuneration Committee, however they shall not be counted in the quorum.
- 7.4 A duly convened meeting of the Remuneration 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 Remuneration Committee.
- 7.5 The members may attend the Remuneration Committee meetings either in person, by telephone or through other electronic means of communication (which are available to all attended parties).
- 7.6 Upon invitation from the Remuneration Committee, the chairman of the Board and/or the general manager or the chief executive officer, external advisor and the other Board members can be invited to attend all or part of any of the meetings as it considers appropriate but such executive Directors, member of senior management or other individuals are not entitled to vote at the meetings.
- 7.7 Only the members of the Remuneration Committee shall have the voting powers.

## **8. ANNUAL GENERAL MEETINGS**

- 8.1 The Chairman shall endeavour to attend the annual general meetings of the Company and be prepared to respond to any shareholders' questions on the Remuneration Committee's activities. If the Chairman is unable to attend, a member of the Remuneration Committee (who must be an independent non-executive Director) shall attend the annual general meeting of the Company. Such person shall be prepared to respond to any shareholders' questions on the Remuneration Committee's activities.

## **9. FREQUENCY OF MEETINGS**

- 9.1 Meeting of the Remuneration Committee shall be held at least once a year and at such other times as the Chairman shall require.

## **10. MINUTES OF MEETINGS**

- 10.1 Minutes of the Remuneration Committee should be recorded in sufficient detail regarding the matters considered by the Remuneration Committee and decisions reached, including any concerns raised by any member of the Remuneration Committee or dissenting views expressed. Drafts and final versions of minutes of the Remuneration Committee meetings should be sent to all members of the Remuneration Committee for their comment and record respectively, in both cases within a reasonable time after the meeting is held.
- 10.2 Minutes of the Remuneration Committee meetings shall be kept by the secretary of the Remuneration Committee and shall be made available for inspection by any member of the Remuneration Committee and any Director at any reasonable time and on reasonable notice.

## **11. WRITTEN RESOLUTIONS**

- 11.1 Resolutions may be passed by all members of the Remuneration Committee in writing.
- 11.2 Resolutions of the Remuneration Committee shall be passed with a majority of votes.
- 11.3 Resolutions signed by all members of the Remuneration Committee will be treated valid as if it is passed in the meeting held by the Remuneration Committee.

## **12. DUTIES**

- 12.1 The duties of the Remuneration Committee shall include the following:
- (a) to formulate remuneration policy for the Board's consideration and implement the Board's approved remuneration policy;
  - (b) to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
  - (c) to have the delegated responsibility to determine the specific remuneration packages of all 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 of the remuneration of non-executive Directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment, experience and level of responsibilities of the Directors, the remuneration policy of the Company, prevailing market conditions, performance of the Group, employment conditions elsewhere in the Group and desirability of performance-based remuneration;

- (d) to review and approve performance-based remuneration and discretionary bonus by reference to corporate goals and objectives resolved by the Board from time to time;
- (e) to consider and approve the grant of share options and share appreciation rights to eligible participants pursuant to the share option scheme and share appreciation rights plan of the Company and to prepare the annual plan for the grant of share appreciation rights under the share appreciation rights plan of the Company and be responsible for the day to day administration of the share appreciation rights plan;
- (f) to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (h) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- (i) to advise shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under Rule 13.68 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong ("**Listing Rules**");
- (j) to consult the chairman of the Board and/or the chief executive officer of the Company about their proposals relating to the remuneration of other executive Directors and the Remuneration Committee should have access to independent professional advice if necessary;
- (k) to appraise the Board of significant developments in the course of performing the above duties;
- (l) to ensure the Company discloses details of any remuneration payable to members of senior management by band in the annual reports of the Company;
- (m) to do any such things to enable the Remuneration Committee to perform its functions conferred on it by the Board;

- (n) in determining any specific package, the Remuneration Committee shall take into account factors such as salaries paid by comparable companies, time commitment, responsibilities, employment conditions elsewhere in the Group and whether any part of the remuneration package should be performance-based.
- (o) to ensure proper disclosure of the Director's remuneration in the annual report of the Company in accordance with the accounting principles and the Listing Rules; and
- (p) to address and deal with such other matters as may be delegated by the Board to the Remuneration Committee.

### **13. REPORTING PROCEDURES**

- 13.1 The Remuneration Committee shall report to the Board on a regular basis on all matters within its duties and responsibilities. At the next meeting of the Board following a meeting of the Remuneration Committee, the Chairman shall report the findings and recommendations of the Remuneration Committee to the Board.
- 13.2 The Chairman, or in the absence of the Chairman, a member of the Remuneration Committee or failing this his/her duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to shareholders' questions.
- 13.3 Draft and final versions of minutes of Remuneration Committee meetings shall be sent to all members of the Remuneration Committee for their comment and record respectively, in both cases within a reasonable time after the meeting, subject to any legal or regulatory restrictions restricting such circulation or the making of such reports. Once they are agreed, the secretary of the Remuneration Committee shall circulate the minutes and reports of the Remuneration Committee to all members of the Board.
- 13.4 The Remuneration Committee should make available these terms of reference by including them on the website operated by The Stock Exchange of Hong Kong Limited and the Company's website.

### **14. AUTHORITY**

- 14.1 Management shall be obliged to supply to the Remuneration Committee with adequate information in a timely manner to enable it to make informed decisions, unless there are legal or regulatory restrictions in doing so. The information supplied must be complete and reliable.
- 14.2 The Remuneration Committee shall have access to sufficient resources and is authorized by the Board to seek any information it requires from any employee of the Company or its subsidiaries in order to discharge its duties and all employees are directed to co-operate with any request made by the Remuneration Committee.

- 14.3 In carrying out its duties, the Remuneration Committee, if considered necessary, is authorized by the Board to obtain expert advice from legal or other professional advisors in connection with its duties at the Company's expense, including seeking advice from special personnel consulting groups so as to ensure that the Board remains informed of the market trends and practices. The Remuneration Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants to advise its members.
- 14.4 The Remuneration Committee is authorized by the Board when necessary to seek any remuneration information it requires from senior management of the Company in order to discharge its duties.
- 14.5 The Remuneration Committee shall consult the Chairman and/or the general manager or the chief executive officer of the Company about their proposals relating to the remuneration of other executive Directors and senior management.

## **15. CONTINUING APPLICATIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

- 15.1 The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and not inconsistent with the provisions of these terms of reference shall apply, mutatis mutandis, to regulate the meetings and proceedings of the Remuneration Committee.

## **16. POWERS OF THE BOARD**

- 16.1 The Board may, subject to compliance with the articles of association of the Company and the Listing Rules, amend, supplement and revoke the provisions of these terms of reference and any resolution passed by the Remuneration Committee provided that no amendments to and revocation of the provisions of these terms of reference and the resolutions passed by the Remuneration Committee shall invalidate any prior act and resolution of the Remuneration Committee which would have been valid if such provisions or resolutions had not been amended or revoked.

## **17. INTERPRETATION**

- 17.1 Interpretation of these terms of reference shall belong to the Board.

*“Senior management” refers to the same category of persons as referred to in the Company’s annual report. It is the responsibility of the Directors to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the Group as, in the opinion of the Directors, is appropriate.*