

**KATE CHINA HOLDINGS LIMITED**  
**中持基業控股有限公司**  
*(Incorporated in Hong Kong with limited liability)*

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**COMPLIANCE COMMITTEE**  
**TERMS OF REFERENCE**

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*Constitution*

1. The board of directors (the “**Board**”) of Kate China Holdings Limited (the “**Company**” which together with its subsidiaries, the “**Group**”) has resolved to establish a committee of the Board to be known as the Compliance Committee (the “**Committee**”) at a meeting held on 30 June 2014.

*Membership*

2. The Committee shall be appointed by the Board and shall comprise of not less than three directors. The majority of the members of the Committee shall be independent non-executive directors of the Company.
3. The term of membership will be one year from the date of appointment subject to renewal and shall be governed by the provisions of the Articles of Association of the Company.
4. The Board may from time to time co-opt such other management personnel to the Committee in a non-voting capacity as the Board considers desirable.
5. Members of the Committee may only be appointed or removed, and management personnel may only be co-opted to the Committee or removed, in each case, by the Board.
6. The chairman of the Committee must be an independent non-executive director with appropriate expertise and he shall be appointed and removed by a decision of the Board.

*Frequency of meetings and procedures*

7. The Committee shall meet on a monthly basis or as and when required. Procedures of meetings of the Committee shall be governed by the provisions of the Articles of Association of the Company.

8. The chairman of the Committee may convene additional meetings at his discretion.
9. The quorum of a meeting shall be three members of the Committee, of whom at least two shall be independent non-executive directors.

***Authority***

10. The Committee is granted the authority by the Board:
  - (a) To seek information from management to fulfill its objectives, duties and responsibilities and all employees are directed to cooperate as requested by members of the Committee;
  - (b) If necessary, at the Company's expense, to seek independent professional advice in order to rigorously enforce its obligations; and
  - (c) Should be provided with sufficient resources to discharge its duties.

***Duties***

11. The duties of the Committee are to review and advise upon matters in respect of the regulation of the businesses of the Group and compliance with relevant rules and legislation, in particular, compliance with the Companies Ordinance (Cap 622) (the "Companies Ordinance").
12. The Committee is to:
  - (a) Review matters relating to the historical conduct of the operations of our Group with a view to understanding the relevant legal compliance obligations;
  - (b) Recommend procedures and protocols for implementation and/or inclusion into the policies of our Group for regulation of our present or future operations to ensure compliance with all applicable laws, rules and regulations, and to review such policies from time to time to consider whether any amendments or updates are necessary and to make recommendations to the Board for amendment and adoption as appropriate;

- (c) Review the effectiveness of and compliance by our Group with the policies implemented by our Group and to recommend remedial actions to be taken (if any) in the event any non-compliance is discovered;
- (d) Focus particularly on an appropriate compliance framework of the Group's compliance and filing requirements under the Companies Ordinance;
- (e) Ensure that the Group adopts adequate internal control procedure to fulfill the requirements of the Companies Ordinance;
- (f) Ensure that the Group has sufficient personnel to implement the internal control procedures;
- (g) Provide adequate guidance and training for management of the Company to make proper attention to compliance issues and to perform their duties in accordance with relevant rules and legislation;
- (h) The Committee shall have no executive powers with regard to its findings and recommendations except where expressly authorised by the Board; and
- (i) The Committee shall report to the Board in relation to the Committee's significant decisions and recommendations which ought properly to be brought to the attention of the full Board.

13. The Committee will have an ongoing relationship with the Audit Committee. This will be facilitated by:

- (a) Dissemination of meeting minutes between the secretaries of each Committee and to other persons, where relevant;
- (b) Identification of issues that affect both Committees to be dealt with by each; and
- (c) Regular meetings between the Chairs of each Committee and other relevant members or attendees as deemed appropriate.

14. Management personnel co-opted to the Committee shall be in a non-voting capacity but:

- (a) Shall be entitled to receive notices of meetings of the Committee, together with any papers provided to the members of the Committee with the relevant notice, and to participate in discussions at meetings of the Committee, but shall not be entitled to vote on any matter to be decided, or any recommendation to be made, by the Committee; and
- (b) Shall not be considered to be members of the Committee for any purpose.

### ***Reporting Procedures***

- 15. The Committee shall report to the Board on any suspected frauds and irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention on a regular basis. The minutes of all Committee meetings shall be provided to the Board.
- 16. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee, shall report to the Board on the findings and recommendations of the Committee. At least annually, the Committee should present a report to the Board which addresses the work and findings of the Committee during the year.
- 17. Reports to the Board and minutes of the Committee should be approved by the Committee before submitting to the Board.

Adopted by the Board on 30 June 2014.