

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

Terms of Reference
of
Corporate Governance Committee
(the “Committee”)

CONSTITUTION

- The Committee has been set up by the board of directors of the Company (the “Board”) on 20th August, 2016 to perform the corporate governance functions of the Company.
- 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 with regard to the authority and duties of the Committee have been approved by the Board on 20th August, 2016 and 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 the members of the Committee shall be independent non-executive directors of the Company.
- The chairman of the Committee shall be the chairman of the Board or an independent non-executive director appointed by the Board.
- 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 of the Company 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, where appropriate and necessary, invite advisors to the meeting, including but not limited to, external advisors or consultants to provide advice to 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 interested member shall abstain from voting 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 : -

- Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board.
- Review and monitor the training and continuous professional development of directors and senior management.
- Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements.
- Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors.

- Review the Company's compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules and other related rules and disclosure in the Corporate Governance Report.
- Engage external advisors or consultants to advise the Committee on such issues as it considers necessary at the Company's expenses. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for advisors or consultants to the Committee.
- Designate the chairman of the Committee or another member to attend the annual general meetings of the Company and be prepared to answer questions concerning the corporate governance of the Company.
- 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.
- Consider and make recommendations on any other issues as requested by the Board.

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).