



LI NING COMPANY LIMITED
李寧有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2331)

Terms of Reference of Remuneration Committee

(Approved by the Board on 20 June 2005 and amended by the Board on 9 December 2011)

Definitions

- “the Board” shall mean the board of directors of Li Ning Company Limited
- “the Committee” shall mean the remuneration committee of Li Ning Company Limited
- “the Company” shall mean Li Ning Company Limited
- “the Group” shall mean Li Ning Company Limited and its subsidiaries
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1. Constitution

- 1.1 The Committee shall be appointed by the Board and shall consist of not less than three members with a majority of whom should be independent non-executive directors of the Company.
- 1.2 The chairman of the Committee shall be appointed by the Board among the members of the Committee.
- 1.3 The person-in-charge of the Human Resources Division of the Group shall be the secretary of the Committee. The secretary shall attend all meetings of the Committee and prepare minutes, as well as attend to all administrative matters of the Committee.

2. Meetings

- 2.1 The Committee shall meet twice a year and at such times as the work of the Committee demands.

- 2.2 The quorum for a meeting of the Committee shall be two members.
- 2.3 Proceedings of the Committee's meetings shall be governed by the Company's Articles of Association.
- 2.4 Only members of the Committee have the right to attend meetings of the Committee. Other executives of the Group, including the Chairman, the Chief Executive Officer and the Chief Financial Officer of the Company may be invited to attend any meeting of the Committee, as and when appropriate.

3. *Duties*

- 3.1 To make recommendations to the Board on the Company's policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedures for developing remuneration policy.

(In this Terms of Reference, "senior management" refers to the same persons referred to in the Company's annual report.)

- 3.2 To review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives.
- 3.3 To make recommendations to the Board on the remuneration packages of individual 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.
- 3.4 To make recommendations to the Board on the remuneration of non-executive directors.
- 3.5 To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.
- 3.6 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 otherwise fair and not excessive.
- 3.7 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.

- 3.8 To ensure that no director or any of his associates is involved in deciding his own remuneration.
- 3.9 To set performance goals for senior management of the Group.
- 3.10 To consider and deal with such other matters as may be delegated by the Board to the Committee and to delegate any such powers to the management as may be appropriate.

4. *Authority*

- 4.1 The Committee is authorised to request for any information from any employee of the Group as is necessary for the Committee to perform its duties.
- 4.2 The Committee is authorised to seek independent professional advice in order to discharge its duties and all related expense shall be borne by the Company.

5. *Reporting Responsibilities*

The chairman of the Committee shall report to the Board all matters discussed at each meeting of the Committee. Minutes and reports of the meetings of the Committee shall be circulated to all members of the Board.