

SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED
上海實業城市開發集團有限公司

REMUNERATION COMMITTEE : TERMS OF REFERENCE

1. Summary

1.1 Introduction

The Board of Directors (the “Board”) hereby establishes a Remuneration Committee.

1.2 Constitution

These Terms of Reference are set up to govern the operation of the Remuneration Committee.

1.3 Membership

The Committee shall consist of at least three members appointed by the Board among the Board members and senior management, the majority of which shall be independent non-executive directors. In addition, the Chairman of the Committee shall be an independent non-executive director.

The Chairman of the Committee shall be appointed by the Board.

1.4 Operation

The Committee shall meet, at least once a year, as and when required. Meetings may be called for as the Committee members or its Chairman determine.

The quorum of the Committee meeting shall be no less than two-third of the number of Committee members, a majority of whom must be independent non-executive directors.

The Company Secretary shall act as the Secretary of the Committee, who shall record and keep minutes of all meetings. The Committee will report its actions to the coming up meeting of the Board. Committee members shall be provided with the minutes of each meeting; and any actions taken by the Committee shall be approved unanimously by all the members, otherwise, any disputes shall be submitted to the Board for discussion and consideration.

2. Purpose

The Remuneration Committee will assist the Board in formulating remuneration policy and structure of directors and senior management of the Company and ensuring the procedure for setting policy on executive directors' remuneration and all directors' remuneration packages are formal and transparent. It is the sole responsibility of the Committee to make recommendations to the Board as to the overall remuneration policy, and evaluates the actual performance according to such policy.

3. Annual General Meeting

The Chairman of the Committee shall attend the annual general meeting(s) of the Company and be prepared to respond to any shareholders' questions on the Committee's activities or in his absence, another member of the Committee, or failing this, his duly appointed delegate.

4. Duties and responsibilities

The primary responsibilities of the Remuneration Committee in relation to remuneration are as follows:

- 4.1 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;
- 4.2 To review the directors' and senior management's remuneration proposals of the executives of the Company so as to ensure:
 - i. the Company is able to attract and retain suitable and qualified directors and senior management;
 - ii. the directors and senior management are motivated to achieve the Company's goals and objectives;
 - iii. the interests of the key employees are in line with the long-term interests of the shareholders;
- 4.3 Either:
 - i. To determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or
 - ii. To make recommendations to the Board on the remuneration packages of individual executive directors and senior management;

- 4.4 To assist the chief executive officer in the review of the working performance and remuneration of the executive management team. In making any assessments, the Committee will consider:
- i. the Company's results and corresponding return to the shareholders;
 - ii. the remuneration of chief executive officers at comparable companies;
 - iii. the history amounts of remuneration paid to chief executive officer;
 - iv. other factors the Committee considers relevant;
- 4.5 To review and recommend to the Board the policies in relation to employment contracts, severance arrangements, retirement arrangements, compensation payments, including any compensation payable for loss or termination of their office or appointment and any special or supplemental benefits which may be adopted by the Company. The chief executive officer shall determine the remuneration package arrangements of the corporate staff (other than the members of the Board or Chief Executive Officer) according to the policies implemented by the Committee and the Board;
- 4.6 To review and make recommendations in relation to any incentive compensation plans – including the use of share options and equity-based incentive plans;
- 4.7 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;
- 4.8 To review and approval compensation arrangements relating to dismissal and removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- 4.9 To ensure that no director and any of his associates is involved in deciding his own remuneration;
- 4.10 The Committee has the right to appoint and remove any consultant who assists in evaluating the remuneration of the directors, the CEO and/or senior executives and also has the right to seek advice and assistance from internal or external legal, accounting or other consultants;
- 4.11 To periodically review and reassess the comprehensiveness and the suitability of these Terms of Reference and to propose amendment to the Board for approval; and
- 4.12 To carry out any other duties and responsibilities delegated by the Board from time to time.

5. Cessation

Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director and/or a secretary of the Company.

6. Performance of the Committee

The Board will evaluate the performance of the Remuneration Committee from time to time to determine whether it is functioning effectively in accordance with the current best practice.