

Shenzhen International Holdings Limited

Terms of Reference of the Remuneration Committee of the Board of Directors

The board of directors (the “Board”) hereby resolves to establish the Remuneration Committee (the “Committee”) of the Board.

A. Constitution of the Committee and Proceedings at the Meetings

1. Purpose

The Committee is established to fulfill the following duties of the Board:

- to establish the remuneration system for directors and senior management of the Company and the reporting mechanism thereof;
- to realise the remuneration philosophy and theory of the Company;
- to implement and amend the share incentive scheme (subject to the approval of shareholders);
- to set performance target and carry out performance appraisal for individual member(s) of the senior management.

2. Constitution of the Committee

The Committee shall consist of not less than three and not more than six directors. The majority of the members shall be independent non-executive directors. All members shall meet the requirements and guidelines in respect of remuneration committee imposed on listed companies by the relevant securities regulations, including those relating to their independence. The full Board shall ensure the eligibility of each member to the Committee.

3. Appointment of Members

Members of the Committee shall be appointed by the Board, with a term of service of three years in general and with a renewable term of three years at the Board’s discretion.

4. Vacancy

In the event that the office of any member of the Committee becomes vacant at any time, the appointment of additional members to the Committee, and replacement or removal of members or the secretary of the Committee, shall be subject to approval by the Board and the Committee respectively.



5. Chairman of the Committee

The chairman of the Committee shall be an independent non-executive director, and be appointed by the Board after being elected among the members. The chairman of the Board shall not be the chairman of the Committee. The chairman of the Committee shall attend the annual general meeting of the Company to answer queries about the Committee raised by shareholders.

6. Chairman of the Meetings of the Committee

All meetings shall be presided and chaired by the chairman of the Committee. In the event that the chairman of the Committee is not present within fifteen minutes after the time appointed for holding such meeting or has notified the secretary or other members before the time of the meeting that he will be absent from the meeting or has conflicting interests, which shall be confirmed by recipient(s) of the notification, the members present at the meeting shall choose one of their number as the chairman of the meeting.

7. Secretary of the Committee

The secretary of the Committee shall be appointed by the Board and is the secretary of the Company in general. The secretary of the Committee shall attend and prepare minutes of all meetings of the Committee.

8. Meetings

Any member may convene a meeting of the Committee through the secretary of the Committee. The Committee may convene meetings as required, but not less than two meetings a year (excluding resolutions in writing), which shall be held around the Board meeting in general. The chairman and the chief executive of the Company and the vice-president of the Company who oversees the Administration Department may be invited to attend the meetings of the Committee.

9. Quorum

The quorum of meetings of the Committee shall be at least two members who are also independent non-executive directors.

If within thirty minutes from the time appointed for the meeting a quorum is not present, the meeting shall be adjourned. The time and the venue of the adjourned meeting shall be determined by the majority of the members present. The period of notice of the adjourned meeting may not be more than one business day in Hong Kong and shall be served by the secretary or any one of the members. In the event that a quorum is not present at the adjourned meeting within thirty minutes after the time fixed for the meeting, the members present shall constitute a quorum and be entitled to exercise all authority of the Committee.

Members who are unable to attend the meeting in person can participate by telephone. Members participating in the meeting by telephone shall be deemed as being present at the meeting. For those who are unable to attend the meeting may state their opinions in writing. The written opinions of such absent members, who are not entitled to vote in that meeting, shall be recorded in the minutes.

10. Notice of Meetings

Period of notice of a meeting shall not be less than five days. The notice of a meeting may be served by any member in written or oral form to the secretary, who in turn shall serve the notice in writing or otherwise to each member; it may also be served by any member in written or oral form directly to other members; the secretary of the Committee may convene a meeting by notice in writing. A meeting convened by a notice in oral form shall be confirmed as soon as possible in writing (including by facsimile or by email) prior to the time of the meeting.

The member or the secretary convening a meeting shall inform other members and the secretary of the purpose, time, venue and agenda of the meeting and provide them with relevant documents for reference. Agenda together with documents relating to the meeting shall be served to every member not less than five days, either in writing (including by facsimile) or by electronic means.

The agenda of the meeting shall be served to all members after being prepared by the chairman or the secretary of the Committee.

11. Other Representatives attending Meetings of the Committee

The chairman of the Committee may invite representatives from other departments of the Company to attend meetings of the Committee.

12. Proceedings of and minutes of Meetings of the Committee, and report to the Board

Each member present at the meeting shall have one vote. All resolutions put to vote at the meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman of the meeting shall be entitled to a second or casting vote.

Drafts of minutes shall be circulated to all members present at the meeting for review. The minutes shall be signed by the chairman of the meeting or put to vote at the next meeting for confirmation. The secretary of the Committee shall circulate the minutes among members and directors unless there is conflicting interests. All directors shall be entitled to inspect and request at any time copies of the minutes of the meetings.

The secretary of the Committee shall establish the proceedings of the meetings, prepare the minutes and where appropriate, report to the Board in accordance with the Bye-Laws of the Company.

13. Resolutions in writing

Any resolution in writing signed by all members of the Committee shall be deemed as having been passed at a lawful meeting.

14. Review the Terms of Reference and Committee's Performance

The Committee shall review its terms of reference and make recommendations on amendments of its terms of reference to the Board where appropriate. The Committee shall review its performance annually.

B. Authority of the Committee

15. The Committee shall make recommendations to the Board in respect of the following issues on a regular basis:

- a. the remuneration philosophy and theory of the Company as a whole;
- b. the level, policy and structure of the remuneration of directors and senior management and the establishment of formal and transparent procedures for developing such remuneration policy;
- c. the incentive remuneration scheme and the share scheme of which directors and senior management are eligible to join, including benefits obtained from bonuses, share options, purchase of shares or other similar schemes and the operation and supervision of these schemes;
- d. the performance-based remunerations, which is reviewed and approved with reference to corporate goals and objectives of the Company as approved by the Board from time to time; and
- e. the information of relevant personnel necessary to investigate and collect within its terms of reference.

16. The Committee shall:

- a. review and make recommendations about the remuneration level of directors and senior management, and ensure that no director or management or any of their associates is involved in determining his own remuneration;
- b. consider all related factors sufficiently when developing the remuneration policy. These include providing adequate incentives to executive directors and senior management for motivation and at the same time rewarding individual employees for their contribution to the Company in a fair and responsible way;
- c. determine the remuneration packages of each individual executive director and senior management, including benefits in kind, pension entitlements and compensation payments (including compensation payable for loss or termination of their offices or appointments), and make recommendations to the Board on the remuneration of non-executive directors. Factors including salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration shall all be taken into consideration by the Committee;



- d. consult the chairman of the Board and/or the chief executive regarding its remuneration proposals for other executive directors and seek independent professional advice, if necessary;
 - e. have the exclusive right to select, retain and terminate any advisor assisting in reviewing the remuneration of executive directors or senior management, including the exclusive right to define the terms of reference of the human resources consultants, to approve consultancy fees and other retainer terms. Where the consultancy fee exceeds HK\$500,000, discussion with the executive committee of the Board is required;
 - f. ensure that the remuneration packages and severance payments for resignation or termination of contracts are fair and reasonable to the Company, directors and senior management, including:
 - (i) to review and approve compensation payable to executive directors and senior management for any loss or termination of offices or appointments to ensure that it is consistent with the terms of the relevant contracts and is otherwise fair and not excessive for the Group; and
 - (ii) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with the terms of the relevant contracts and are otherwise reasonable and appropriate.
- 17.** The Committee shall report its work and progress in the annual report annually, including the remuneration system, the bonus and the share incentive scheme of directors and senior management.
- 18.** The Committee is entitled to carry out other activities in accordance with these terms of reference, memorandum of association and Bye-Laws of the Company.

C. Others

19. Bye-Laws of the Company

These terms of reference shall not override the Bye-Laws of the Company, especially the requirements that directors are not entitled to vote in case of conflicts of interests.

The requirements for the proceedings of the Board meetings that are not stipulated in these terms of reference but provided in the Bye-Laws of the Company shall be applicable to the proceedings of the meetings of the Committee.

- The End -



Adoption/amendments of the Terms of Reference:

<i>26 March 2004</i>	<i>Adoption approved by the Board</i>
<i>23 March 2005</i>	<i>Amendments approved by the Board</i>
<i>30 March 2011</i>	<i>Amendments approved by the Board</i>

Note: *The English translation of this Terms of Reference is for reference only. Should there be any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*