

**TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE OF  
SOHO CHINA LIMITED  
(THE “COMPANY”)**

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**Definitions**

1. For the purposes of these terms of reference (the *Terms*):

*Board* means the board of Directors.

*Company Secretary* means the company secretary of the Company.

*Directors* means the Directors of the Company.

*Group* means the Company and its subsidiaries and associated companies at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and associated companies, the present subsidiaries and associated companies of the Company or the businesses operated by its present subsidiaries and associated companies or (as the case may be) its predecessor.

*Listing Rules* means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

*Remuneration Committee* means the remuneration committee of the Board established by the resolution of the Board in accordance with clause 3 of these Terms.

*Senior Management* means the chairman, vice chairman (if any), chief financial officer, company secretary and any other officers of the Company appointed by the Board from time to time; any other officers of the Company whose remuneration package is, or is proposed to be, more favourable than that of any officer appointed by the Board; and any other employees of the Company as determined by the Remuneration Committee.

*Shareholder(s)* means the shareholder(s) of the Company.

2. The word “remuneration”, as used in these Terms, includes without limitation any salaries, bonuses, allowances, benefits (in cash or in kind), pension arrangements, reimbursements, compensation payments, (including any compensation payable for loss or termination of office or appointment) incentive payments and share options.

**Constitution**

3. The Board hereby resolves to establish a committee of the Board to be known as the Remuneration Committee.

## **Membership**

4. The members of the Remuneration Committee shall be appointed by the Board from time to time from amongst the non-executive Directors and shall consist of not less than three members, a majority of whom should be independent non-executive Directors. A quorum shall be two members. The chairman of the Remuneration Committee shall be appointed by the Board and shall be an independent non-executive Director.
5. Each member of the Remuneration Committee shall disclose to the Remuneration Committee:
  - (a) any personal financial interest (other than as a Shareholder) in any matter to be decided by the Remuneration Committee; or
  - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Remuneration Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Remuneration Committee.

## **Meetings**

6. Meetings shall be held at least once a year. The chairman of the Remuneration Committee shall convene a meeting upon request by any member of the Remuneration Committee.
7. The Company Secretary shall be the secretary of the Remuneration Committee.

## **Annual General Meeting**

8. The chairman of the Remuneration Committee shall attend the annual general meeting and be prepared to respond to any Shareholder's questions on the Remuneration Committee's activities.

## **Authority**

9. The Remuneration Committee is authorised by the Board to discharge its duties within these Terms. It is authorised to seek any remuneration information it requires from the Directors and/or Senior Management who is directed to co-operate with the Remuneration Committee.
10. The Remuneration Committee is authorised by the Board to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Remuneration Committee should be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external remuneration consultant who advises the Remuneration Committee.

## **Duties**

11. The duties of the Remuneration Committee shall include:
  - (a) making 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 procedure for developing remuneration policy;
  - (b) being responsible for determining the remuneration packages of individual executive Directors and Senior Management and to make recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee should consider salaries paid by comparable companies, time commitment and responsibilities required of the Directors and Senior Management, remuneration levels within the Group and employment conditions elsewhere in the Group;
  - (c) reviewing and approving management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time;
  - (d) reviewing and approving 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;
  - (e) reviewing and approving 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;
  - (f) ensuring that no Director or any of his associates (as defined in the Listing Rules) is involved in deciding his own remuneration;
  - (g) reviewing the Company's policy on expense reimbursements for the Directors and Senior Management.

12. In carrying out its duties under these terms of reference, the Remuneration Committee should:
- (a) consult the chairman of the Board and/or the chief executive about its remuneration proposals for other executive Directors;
  - (b) provide the packages needed to attract, retain and motivate executive Directors of the quality required, but should avoid paying more than is necessary for this purpose;
  - (c) judge where to position the Company relative to other companies. They should be aware what comparable companies are paying and should take account of relative performance;
  - (d) be sensitive to the wider scene, including pay and employment conditions within the Company and elsewhere, especially when determining annual salary increases;
  - (e) ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and should be designed to align their interest with those of Shareholders and to give the Directors incentives to perform at the highest levels; and
  - (f) ensure that any share options offered by the Company to its Directors or Senior Management are in accordance with Chapter 17 of the Listing Rules.
13. Without prejudice to the generality of the terms of reference to the Remuneration Committee set out above, the Remuneration Committee shall:
- (a) operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to, and recommend to the general meeting of Shareholders grants of options to be made to Directors and/or Senior Management. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
  - (b) liaise with the trustee of any employee share scheme which is created by the Company for the benefit of the Group's employees, Senior Management or Directors;
  - (c) review the terms of executive Directors' service contracts from time to time; and
  - (d) advise the Board in relation to the preparation of the Board's remuneration report (if any) to Shareholders.

### **Reporting procedures**

14. The Company Secretary shall circulate the minutes of meetings and reports of the Remuneration Committee to the Board.
15. The Remuneration Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on their ability to do so.

Date: 14 September 2007

Last amended on: 14 March 2012