



FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 227)

REMUNERATION COMMITTEE

TERMS OF REFERENCE

(adopted on 1 March 2012)

The Remuneration Committee (the “Committee”) is part of the board of directors (the “Board”) of First Shanghai Investments Limited (the “Company”) and exercises its authority, and is accountable to the Board for its performance. These terms of reference record how the Committee will undertake its work.

(A) Membership

- (1) The Committee shall be appointed by the Board and shall consist of not less than three members. The majority shall be independent non-executive directors.
- (2) The Board shall designate any one of the members who is an independent non-executive director to be the chairman of the Committee (the “Committee Chairman”).
- (3) The company secretary of the Company (the “Company Secretary”) shall be the secretary of the Committee.

(B) Meetings

- (1) A quorum shall be two Committee members.
- (2) The Committee shall meet as frequently as required but not less than once every year.
- (3) In the absence of the Committee Chairman or appointed delegate, the members present shall elect one of their number as chairman for that meeting.
- (4) Any Committee member may call a meeting of the Committee.
- (5) The Company Secretary shall circulate the draft and final versions of minutes of meetings to all Committee members for their comment and records within one month after the meeting.

(C) Functions

The Committee is a committee of the Board of the Company. Its primary function is to assist the Board in establishing coherent remuneration policy which:-

- (a) enable the Company to attract, retain and motivate directors and senior management who create value for shareholders;
- (b) fairly and responsibly reward directors and senior management having regard to the performance of the Company, the performance of the directors and senior management and the general remuneration environment; and
- (c) comply with the provisions of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant legal requirements.

(D) Authority

The Committee is granted the authority to review the overall remuneration policy and other major remuneration related matters regarding the directors and senior management of the Company within its terms of reference and all employees are directed to cooperate as requested by members of the Committee. The Committee is authorized by the Board to obtain outside legal or other independent professional advice if considered necessary.

(E) Duties

In meeting its responsibilities, the duties of the Committee is expected:-

- (a) 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;
- (b) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. The Committee should consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group;
- (c) to review and approve the management's remuneration proposal with reference to the Board's corporate goals and objectives;
- (d) to make recommendations to the Board on the remuneration of non-executive

directors;

- (e) 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;
- (f) 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;
- (g) to ensure no director or any of his/her associates is involved in deciding his/her own remuneration; and
- (h) to report to the Board following each meeting on all major issues relevant to the Committee duties and responsibilities.

(F) Reporting

The Committee shall report to the Board.

*The Chinese version of this document is for reference only.
In case of any discrepancies or inconsistency between the English version and Chinese version, the English version prevails.*

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