

CHINA SOUTH CITY HOLDINGS LIMITED
華南城控股有限公司
(the “Company”)

TERMS OF REFERENCE FOR REMUNERATION COMMITTEE

1. Purpose

The remuneration committee of the Company (the “**Committee**”) is to assist the board of directors of the Company (the “**Board**”) to develop and administer the procedure for setting policy on the remuneration of all the directors of the Company (the “**Directors**”) and the senior management of the Company (the “**Senior Management**”), and for fixing remuneration packages for all the Directors and the Senior Management.

2. Membership

2.1 Members of the Committee (the “**Members**”) shall be appointed by the Board. The Committee shall comprise a minimum of three Members. The majority of the Members shall be independent non-executive Directors.

2.2 The Board shall from time to time vary the composition of the Committee as may be required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as modified from time to time (the “**Listing Rules**”), or other codes, rules and regulations as may be prescribed by the applicable regulatory authority from time to time.

2.3 Members shall serve the Committee for such terms as the Board may fix, and in any case at the will of the Board, whether or not a specific term is fixed. The Board may remove Members at its sole discretion.

2.4 The chairman of the Committee (the “**Chairman**”) shall be appointed by the Board and must be an independent non-executive Director.

3. Duties

The duties of the Committee shall include the following:

3.1 To make recommendations to the Board on the Company’s policy and structure for the Directors’ and Senior Management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

3.2 To determine or make recommendation 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, and make recommendations to the Board on the remuneration of non-executive Directors.

- 3.3 To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- 3.4 To consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group.
- 3.5 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.
- 3.6 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.
- 3.7 To ensure that no Director or any of his associates is involved in deciding his own remuneration.

4. Meetings

4.1 Frequency

The Committee shall meet as often as it determines necessary. The Chairman, a majority of the Members, or the Secretary (as defined below) on requisition of the Chairman or a majority of the Members may call a meeting of the Committee.

4.2 Notice

Notice of any meetings of the Committee has to be given to all Members prior to any such meeting being held. Except in emergencies, all papers for the meeting shall be sent to the Members at least three days before the meeting. Irrespective of the length of notice being given, attendance of a meeting of the Committee by a Member shall be deemed waiver of the requisite length of notice by the Member. Any Member may consent to short notice and waive notice of any meeting, and any such consent or waiver may be given prospectively or retrospectively. Notice of any adjourned meetings is not required if adjournment is for less than fourteen days.

4.3 Quorum

The quorum for meetings of the Committee shall be two Members.

4.4 Resolutions

Resolutions of the Committee shall be passed by a majority of votes, or by way of written resolutions signed by a majority of the Members. Meetings can be held in person, by telephone or by video conference.

4.5 Secretary

The company secretary of the Company shall be the secretary of the Committee (the “**Secretary**”).

4.6 Minutes

The Secretary (who shall attend each meeting) shall keep full minutes of all meetings of the Committee. Draft and final versions of minutes of meetings of the Committee shall be sent to all Members for their comment and records respectively, in both cases within a reasonable time after the meeting.

4.7 Procedures

The Committee may establish its own procedures, including the formation and delegation of authority to subcommittees, in a manner not inconsistent with these terms of reference, resolutions of the Board, the articles of association of the Company and other corporate governance documents, the Listing rules and applicable laws or regulations.

4.8 Chairman

The Chairman (or in his or her absence, a Member designated by the Chairman) shall preside at all meetings of the Committee. The Chairman shall be responsible for leadership of the Committee.

5. Authority and Reports

5.1 The Committee shall report directly to the Board and should consult the chairman and/or chief executive of the Company about their remuneration proposals for other executive Directors.

5.2 Matters that the Committee shall report to the Board, including without limitation the major items covered by the Committee at each meeting of the Committee and provide additional reports to the Board as the Committee may determine to be appropriate.

5.3 The Committee is authorised by the Board to obtain independent professional advice if necessary.

5.4 The Committee shall be provided by the Company with sufficient resources to perform its duties.

Adopted on 4 September 2009
Revised on 20 February 2012