



Shanghai Jin Jiang International Hotels (Group) Company Limited*

上海錦江國際酒店(集團)股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02006)

**TERMS OF REFERENCE FOR REMUNERATION
AND APPRAISAL COMMITTEE UNDER THE BOARD
OF DIRECTORS**

Chapter 1 General

- Rule 1** In order to optimise the corporate governance structure, establish a modern corporate system, effectively perform the duties of remuneration and appraisal committee (the “Remuneration and Appraisal Committee”) under the board of directors (the “Board”) of Shanghai Jin Jiang International Hotels (Group) Company Limited (the “Company”), and further establish, optimise and standardise the remuneration management system of the Company, the Company has formulated these terms of reference of the Remuneration and Appraisal Committee in accordance with the Articles of Association and the rules of procedures of the Board.
- Rule 2** The Remuneration and Appraisal Committee is a specific working organ established by the Board. Its main responsibilities are to assist the Board on its work, to formulate appraisal standards for directors and senior management personnel of the Company as well as the heads of subsidiaries, to conduct appraisals, to formulate and review the policies for and proposals on the remuneration of directors and senior management personnel of the Company as well as the heads of subsidiaries, and to formulate and review the remuneration plans and the execution of budget of the Company.

Chapter 2 Duties and Authorities

Rule 3 The major duties and authorities of the Remuneration and Appraisal Committee include:

- (I) make recommendations to the Board on the overall remuneration policies and structure of directors and senior management of the Company and to establish a set of formal and transparent procedures in this regard, and; and to make timely recommendations on adjustment to the Board in accordance with factors such as changes in remuneration policies and standards within the industry, demand and supply of human resources and inflation;
- (II) to review and approve proposals on the remuneration of management in line with the corporate directives and objectives formulated by the Board;
- (III) to formulate remuneration plans and packages for directors and senior management as well as heads of subsidiaries in accordance with their scopes of work, duties and importance, including non-monetary benefits, pension entitlements and compensations (including compensation for the loss or termination of office or appointment), and to make recommendations on the remuneration of non-executive directors to the Board. The Remuneration and Appraisal Committee would consider factors such as the remuneration paid by similar companies, time commitment and duties of directors, as well as employment conditions of other positions within the Group;
- (IV) to review the performance of duties by directors and senior management of the Company as well as heads of subsidiaries, and conduct annual performance appraisal in accordance with their respective employment administrative authority;
- (V) to formulate the performance appraisal and evaluation system of the Company;
- (VI) to monitor the implementation of the annual remuneration plan and budget of the Company;
- (VII) to guide and review the salary allocation plan of the head office and subsidiaries of the Company;

- (VIII) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair, reasonable and not excessive for the Company;
- (IX) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such compensation arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (X) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- (XI) to report to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so;
- (XII) other duties authorized by the Board.

Chapter 3 Composition

- Rule 4 The Remuneration and Appraisal Committee shall comprise three persons and the majority of whom shall be independent non-executive directors. The Remuneration and Appraisal Committee shall have a chairman, who shall be an independent non-executive director, and shall be nominated by the chairman of the Board. The appointment and dismissal of the chairman of the Remuneration and Appraisal Committee shall be approved by the Board, and the chairman of the Remuneration and Appraisal Committee shall preside over daily work of the Remuneration and Appraisal Committee. Other members of the Remuneration and Appraisal Committee shall be nominated by its chairman of the Remuneration and Appraisal Committee, and their appointment and dismissal shall be approved by the Board.
- Rule 5 The Remuneration and Appraisal Committee shall have a term of office consistent with that of the Board. The term of office of a member is renewable by re-election upon expiry. If a member no longer assumes the position of director in the Company, he/she shall automatically lose his/her status as a member of the Remuneration and Appraisal Committee. The vacancy shall be filled in accordance with the relevant provisions on the composition of the Remuneration and Appraisal Committee.

Rule 6 Working functions under the Remuneration and Appraisal Committee (to be performed by the human resources department of the Company) shall be responsible for the preliminary preparation and daily work in connection with the considerations of and decision making by the Remuneration and Appraisal Committee.

Chapter 4 Decision Making Procedures

Rule 7 The Remuneration and Appraisal Committee's procedures for the formulation of remuneration allocation plan and performance appraisal plan for directors and senior management as well as heads of subsidiaries are as follows:

- (I) Procedures for the formulation of remuneration allocation plan:
 1. Prior to the convening of a meeting by the Remuneration and Appraisal Committee for the formulation of remuneration allocation plan, the human resources department of the Company and the finance department should respectively provide the following information to serve as the bases for the formation of remuneration allocation plan for the directors and senior management of the Company as well as heads of subsidiaries:
 - (1) Main financial indicators and operational objectives of the Company;
 - (2) Main indicators involved in the performance appraisal of the directors and senior management as well as heads of subsidiaries;
 - (3) Scopes of work and major duties of respective directors and senior management as well as heads of subsidiaries;
 - (4) Other necessary and relevant information.
 2. The Remuneration and Appraisal Committee shall convene a meeting to formulate the remuneration allocation plan mainly based on performance while also taking into account other considerations such as historical benchmarks of the Company as well as the applicable industry standards on city and national levels;

3. The finance department of the Company shall conduct feasibility analysis on the preliminary plan, and submit its findings to the Remuneration and Appraisal Committee;
4. The Remuneration and Appraisal Committee shall amend the remuneration allocation plan in accordance with the result of the feasibility analysis, and upon approval, the Remuneration and Appraisal Committee shall submit the remuneration allocation plan to the executive committee of the Board;
5. The Remuneration and Appraisal Committee shall consult the chairman of the Board and/or chief executive officer on the remuneration proposals of other executive directors, and may seek independent and professional advice at the cost of the Company. The Company shall provide the funding and other resources necessary for the Remuneration and Appraisal Committee to discharge its duties.

(II) Procedures for the formulation of performance appraisal plan:

1. Prior to the convening of meeting by the Remuneration and Appraisal Committee for the formulation of performance appraisal plan, the human resources department, the finance department and the audit department of the Company should respectively provide the following information to serve as the bases for the formation of the performance appraisal plan for the directors and senior management of the Company as well as heads of subsidiaries:
 - (1) Main financial indicators and operational objectives of the Company, and their status of completion;
 - (2) Main indicators involved in the performance appraisal of the directors and senior management as well as heads of subsidiaries, and their status of completion;
 - (3) Operational performance indicators of the directors and senior management as well as heads of subsidiaries, such as operational innovation and profitability of operation;
 - (4) relevant economic indicators used in arriving at the estimates by the main evaluation system in the performance appraisal;
 - (5) Other necessary and relevant information.

2. The Remuneration and Appraisal Committee shall convene a meeting to formulate the initial performance appraisal plan;
3. The audit department of the Company shall, based on the operational objective statement, conduct review on the status of completion of operational objectives and other relevant appraisal indicators of the directors and senior management as well as heads of subsidiaries; the finance department shall make the relevant adjustments; and the human resources department shall report to the Remuneration and Appraisal Committee after consolidating the information;
4. The Remuneration and Appraisal Committee shall amend the performance appraisal plan in accordance with the audit results, and upon approval, the Remuneration and Appraisal Committee shall submit the performance appraisal plan to the executive committee of the Board of the Company.

(III) Implementation procedures for the remuneration allocation and performance appraisal:

1. Directors and senior management within the Company as well as heads of subsidiaries shall lodge a description of their role with and report their respective self assessed performance to the Board in accordance with their respective employment administrative authority;
2. The Remuneration and Appraisal Committee shall conduct performance appraisal and assessment on the directors and senior management as well as heads of subsidiaries in accordance with the performance appraisal standards and procedures;
3. The proposed plan concerning amount of remuneration and method of reward to the directors and senior management as well as heads of subsidiaries shall be made in accordance with the result of the performance appraisal and remuneration allocation plan;
4. Upon approval, the Remuneration and Appraisal Committee shall report the proposed plans to the executive committee of the Board;

5. The Remuneration and Appraisal Committee shall monitor and examine the implementation of the remuneration allocation plan and performance appraisal of the directors and senior management as well as heads of subsidiaries.

Rule 8 The chief executive officer may grant special reward to directors and senior management as well as heads of subsidiaries with excellent appraisal and outstanding operation results.

Chapter 5 Rules of Procedures

Rule 9 The Remuneration and Appraisal Committee shall convene meetings whenever necessary. The meeting of the Remuneration and Appraisal Committee shall be convened and presided over by the chairman of the Remuneration and Appraisal Committee and, where he/she is unable to attend the meeting, he/she may appoint another member to convene and preside over the meeting. The notice of a meeting shall be finalised by the office of the Board, and shall be given to all members of the committee three days before convening the meeting. The notice shall state matters such as the date, venue and agendas of the meeting.

Rule 10 Meetings of the Remuneration and Appraisal Committee shall be held only with the presence of over half of the members. Each member present shall be entitled to one vote. Resolutions of a meeting must be adopted by the affirmative votes of more than half of its members. Resolutions of the Remuneration and Appraisal Committee shall be passed by a show of hands or by voting. Members objecting to the content of a resolution may request for the incorporation of his/her dissenting opinions in the minutes of the meeting.

Rule 11 Any member of the Remuneration and Appraisal Committee who cannot attend the meeting with cause may authorize other members in writing to vote on his/her behalf. The authorization shall state the name of the member authorized, authorized matters, authorities granted and the validity period, and signed (or sealed) by the authorizing member. The member voting on behalf of another member shall only exercise such power within the scope of authorisation.

When an agenda concerning any members of the committee is discussed in the meeting of the Remuneration and Appraisal Committee, the subject member shall abstain.

- Rule 12 Full minutes of Remuneration and Appraisal Committee meetings should be kept by the secretary of the Board/company secretary. Minutes of Remuneration and Appraisal Committee meetings should be kept by secretary of the Board/company secretary and should be open for inspection at any reasonable time on reasonable notice by any director. Minutes of Remuneration and Appraisal Committee meetings should record in sufficient detail the matters considered by the board and decisions reached, including any concerns raised by directors or dissenting views expressed. Draft and final versions of minutes of the Remuneration and Appraisal Committee meetings should be sent to all committee members for their comment and records respectively, in both cases within a reasonable time after the meeting.
- Rule 13 The Remuneration and Appraisal Committee may invite staff members of the Company or any external professionals as observers in its meeting whenever necessary. The observers may express their opinions on the relevant agendas, but shall have no voting rights. Personnel attending and observing the meeting shall ensure the documents of the meeting, are safely kept and shall keep the matters discussed confidential and shall not disclose any relevant information.
- Rule 14 The Remuneration and Appraisal Committee is accountable to the Board. Any resolution passed by and result of discussion of the committee shall be signed by members present at the meeting, and shall be reported in writing to the Board for consideration and decision.
- Rule 15 The chairman of the Remuneration and Appraisal Committee (in his absence, another member of the Remuneration and Appraisal Committee or his duly appointed delegate), shall, upon the invitation of the chairman of the Board, attend the annual general meeting and answer questions at such meeting.

Chapter 6 Supplementary Provisions

- Rule 16 These terms of reference shall come into effect on the date of approval by the Board.
- Rule 17 Any matters not covered by these terms of reference shall be implemented in accordance with relevant laws, regulations and the Company's Articles of Association. Where there is a conflict between these terms of reference and laws and regulations to be promulgated or the Company's Articles of Association as amended in accordance with legitimate procedures in the future, these terms of reference shall be implemented in accordance with relevant laws, regulations and the Company's Articles of Association, and these terms of reference shall be promptly amended and submitted to the Board promptly for consideration and approval.

Rule 18 The right to interpret these terms of reference shall be vested in the Board.

Rule 19 These terms of reference shall be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the requirements of the Listing Rules.

Note: If there is any inconsistency between the English and Chinese versions of these terms of reference, the Chinese version shall prevail.

* *The Company is registered as a non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) under its Chinese name and the English name “**Shanghai Jin Jiang International Hotels (Group) Company Limited**”.*