

**SMI CORPORATION LIMITED (the “Company”)**  
**REMUNERATION COMMITTEE TERMS OF REFERENCE**

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**1) Formation**

The Remuneration Committee was formed on 14 July 2009 pursuant to a resolution of the Board of Directors (the “Board”) passed on the same date.

**2) Purpose**

The purpose of the Remuneration Committee is to set the remuneration policy of all the directors and senior management.

**3) Composition**

The Remuneration Committee (or the “Committee”) shall consist of at least three committee members, comprise a majority of Independent Non-Executive Directors (“INED”) of the Board. The Board shall nominate and appoint committee members and the Remuneration Committee shall nominate one of the members as Chairman of the Committee (the “Chairman”). The Chairman must be an INED.

**4) Frequency of meeting**

The Remuneration Committee shall meet at least once a year, with an authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via Tele- or video- conference.

**5) Meeting procedures**

- Quorum of meeting shall not be less than two committee members, and each committee member in the meeting shall carry one vote.
- The committee members shall elect among themselves a chairman at each meeting.
- The committee members shall also appoint a secretary to the Remuneration Committee (the “Secretary”) from time to time.
- The committee shall invite any director, executive or other members of management to attend meetings as necessary.
- Resolution of the Remuneration Committee at any meetings shall passed by a majority of votes of the members present.
- A resolution in writing signed by all the committee members of the Remuneration Committee shall be valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.
- The Remuneration Committee shall be supported by the human resources manager and by the Secretary who shall be responsible for preparation of meeting agenda and minutes. Meeting agenda shall be provided in advance to

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members, along with appropriate briefing materials.

- Minutes shall be prepared and endorsed by the Remuneration Committee. The said minutes shall then be circulated to all members of the Board. The Chairman of the Remuneration Committee shall report any findings and recommendation to the Board thereafter.

**6) Responsibilities**

- to make recommendations to the Board on the Company’s policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- to determine the specific remuneration packages of all 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 of the remuneration of non-executive directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- 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 and not excessive for the Company;
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and
- to ensure that no director or any of his associates is involved in deciding his own remuneration.

**7) Authority**

The Remuneration Committee is authorised by the Board to obtain such legal, remuneration or other professional advice as it shall deem appropriate and shall be responsible for establishing the selection criteria, selecting, appointing and setting the

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terms of reference of remuneration consultants to advise it on all aspects of remuneration.

*Updated on 27 March 2012*

*(The Chinese version of these terms of reference is a translated version of the English version and is for reference only. In case of inconsistency between the two versions, the English version shall prevail.)*