

# **Beijing Urban Construction Design & Development Group Co., Limited**

## **TERMS OF REFERENCE OF THE REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD OF DIRECTORS**

### **Chapter I General Provisions**

**Article 1** In order to further establish and improve the remuneration management system of Beijing Urban Construction Design & Development Group Co., Limited (hereafter referred to as the “Company”), and improve the structure of corporate governance, the Company has set up a remuneration and appraisal committee under the board of directors and formulated these implementation rules in accordance with the relevant laws, regulations and regulatory documents, such as Company Law of the People’s Republic of China (hereafter referred to as the “Company Law”), and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereafter referred to as the “Hong Kong Listing Rules”), as well as the Articles of Association and the Terms of Reference of the Board Meetings of the Company.

**Article 2** The remuneration and appraisal committee is a specialized working organ under the board of directors. The committee, being accountable to the board of directors, is mainly responsible for formulating appraisal criteria, conducting appraisal, and establishing and examining the remuneration policies and proposals for the directors and senior management of the Company.

Senior management referred to herein includes general manager, deputy general manager, chief engineer, chief economist, chief accountant, chief planner, chief architect, secretary of the board and general counsel who are employed by the board of directors.

### **Chapter II Composition**

**Article 3** The remuneration and appraisal committee shall comprise three directors (or more), among which the majority shall be independent non-executive directors.

**Article 4** Members of the remuneration and appraisal committee shall be nominated by the chairman of the board of directors, at least half of the independent non-executive directors or at least one-third of all directors, and shall be elected by the board of directors.

**Article 5** The remuneration and appraisal committee shall have one chairman to be acted by an independent non-executive director responsible for presiding over the work of the committee. The chairman and members of the remuneration and appraisal committee shall be proposed by the chairman of the board of directors in consultation with the relevant directors, and shall take effect upon approval by the board of directors.

**Article 6** The term of office for a member of the remuneration and appraisal committee shall be concurrent with the term of his directorship, and can be reappointed upon re-election. A member shall be automatically disqualified if he ceases to be a director or independent non-executive director of the Company due to his resignation or other reasons. The board of directors shall fill the vacancy in accordance with the Articles of Association of the Company and these Terms of Reference.

### **Chapter III Terms of Reference**

**Article 7** The main terms of reference of the remuneration and appraisal committee are as follows:

- (1) to formulate overall remuneration plans or proposals for directors, senior management and employees in accordance with the main scope, duties and importance of the management positions held by directors and senior management as well as the level of remuneration of the corresponding positions of other relevant enterprises and submit relevant proposals thereon to the Board of Directors;
- (2) the remuneration plans or proposals shall mainly include, but are not limited to, the criteria, procedures and the main regime of the performance appraisal, and the main proposals and systems of incentives and punishments as well as compensations related to the dismissal;
- (3) to review the performance of duties by the directors (other than independent directors) and senior management of the Company and to conduct annual performance appraisal thereof;
- (4) to monitor the implementation of the Company's remuneration system;
- (5) to ensure that no directors or any of their associates determine their own remunerations;
- (6) to perform other duties as required by applicable laws, regulations, the Articles of Association, relevant regulations of the securities regulatory authorities in the localities where the Company has its shares listed, and authorized by the board of directors.

**Article 8** The board of directors has the right to veto the remuneration plans or proposals which are detrimental to the interests of the shareholders.

**Article 9** Any remuneration plan proposed by the remuneration and appraisal committee shall be approved by the board of directors and then submitted to the shareholders' general meeting for consideration and approval prior to implementation. Any proposal of remuneration distribution plan for the senior management of the Company shall be submitted to the board of directors for approval.

### **Chapter IV Decision-making Process**

**Article 10** The working unit under the remuneration and appraisal committee shall be responsible for the preliminary preparation for decision-making of the remuneration and appraisal committee and providing the Company's relevant information regarding:

- (1) the progress of fulfillment of the Company's key financial indicators and business objectives;
- (2) the scope of working division of the Company's senior management and their respective main duties;
- (3) the progress of target achievement being considered in the appraisal system of working performance of directors and senior management;

- (4) the operational performance of the directors and senior management based on their business innovative and profit-making ability;
- (5) the remuneration distribution plans based on the Company's performance and the calculation basis of the distribution.

**Article 11** The procedures for appraising the directors and senior management by the remuneration and appraisal committee are as follows:

- (1) the directors and senior management of the Company shall report their work and provide self-appraisals to the remuneration and appraisal committee;
- (2) the remuneration and appraisal committee shall conduct the performance annual appraisal of the directors and senior management according to the performance appraisal criteria and procedures;
- (3) a proposal on the amounts of remuneration and incentive methods for the directors and senior management based on the results of performance appraisal and the remuneration policies shall be made and, after being passed by voting, submitted to the board of directors.

## **Chapter V Rules of Proceedings**

**Article 12** Meetings of the remuneration and appraisal committee shall include regular meetings and extraordinary meetings.

Regular meetings shall be held twice a year at least. The extraordinary meeting shall be convened at the request of the board of directors, the chairman of the remuneration and appraisal committee, or at least more than half members of the remuneration and appraisal committee of the Company.

**Article 13** Regular and extraordinary meetings of the remuneration and appraisal committee may be convened by on-site meetings or communication means. The chairman of the remuneration and appraisal committee or, if he is absent, another member with independent non-executive directorship appointed by the chairman shall preside over the meetings.

**Article 14** The notice of regular meetings of the remuneration and appraisal committee shall be issued five days prior to the meeting whereas the notice of extraordinary meetings shall be issued three days before the meeting. In exceptional circumstances, if at least two-thirds of the members in the remuneration and appraisal committee do not object, the notices of meetings may be issued later than the above date.

**Article 15** The notice of meetings of the remuneration and appraisal committee shall at least include the following items:

- (1) the time and the venue of the meeting;
- (2) the duration of the meeting;
- (3) issues to be discussed in the meeting;

- (4) the contact person of the meeting and the way of contact;
- (5) the date of notice of the meeting.

Notice of meeting shall contain complete contents of proposals.

**Article 16** The notice of meetings of the remuneration and appraisal committee shall be delivered to all members by facsimile transmission, electronic mail, telephone, hand or other means. When the notice is delivered by electronic mail, telephone or other speedy methods, the parties being notified shall be deemed to have received the notice of the meeting if no written objection is received from them within 2 days from the date of issuing the notice.

**Article 17** Meetings of the remuneration and appraisal committee shall be held by the attendance of more than two-thirds of the members of the committee.

**Article 18** Each member of the remuneration and appraisal committee has one vote. Resolutions adopted at the meetings shall take effect upon approval by the majority of all members (including those members who have not attended the meeting in person). In case of an equality of positive and negative votes, the chairman of the remuneration and appraisal committee shall have an extra vote and make decisions through the exercise of such voting rights.

**Article 19** Members of the remuneration and appraisal committee may attend the meetings in person or by appointing other members as their proxies and exercise the voting right on their behalves. Each member shall appoint only one other member as his proxy to exercise the voting right on his behalf. Where any member appoints two or more members to exercise the voting right on his behalf, such appointment shall be deemed invalid.

**Article 20** Any member who appoints another member to attend the meeting and exercise voting right on his behalf shall submit a power of attorney to the chairman of the meeting. The power of attorney shall be submitted to the chairman of the meeting no later than the voting of the meeting.

**Article 21** The power of attorney shall at least include the following items:

- (1) the name of the appointer;
- (2) the name of the proxy;
- (3) the content of the appointment;
- (4) instructions on the exercise of voting right over issues of the meeting (of voting for, against or abstaining) and, where no specific instruction is made, a statement as to whether the proxy may vote at his discretion;
- (5) the expiry date of the power of attorney;
- (6) the date of signing of the power of attorney.

The power of attorney shall be signed by both of the appointer and the proxy.

**Article 22** The means of voting on the meetings of the remuneration and appraisal committee shall be by a registered showing of hands. Provided that members may fully express their opinions, the extraordinary meetings may be convened by facsimile and telephone and adopt resolutions by facsimile signed by the present members. If voting by communication means is adopted, members of the committee who have signed on the meeting resolutions shall be deemed to have attended the relevant meeting and have agreed on the contents of the resolutions.

**Article 23** Directors of the Company who are not members of the remuneration and appraisal committee may, if invited, sit in on the meetings of the remuneration and appraisal committee. Also, the remuneration and appraisal committee may, if considering necessary, call other persons relating to the meeting proposals to sit in on the meetings, give a briefing or express their opinions. However, those who are not members of the committee have no voting right over the proposals.

**Article 24** The remuneration and appraisal committee may engage intermediaries to provide professional advice for its decision-making, if necessary, and the relevant expenses incurred shall be borne by the Company.

**Article 25** The procedures for convening the meeting, means of voting and resolutions passed at the meeting of the remuneration and appraisal committee shall comply with relevant laws, regulations, Hong Kong Listing Rules, the Articles of Association and the provisions of these Terms of Reference.

**Article 26** The remuneration and appraisal committee may appoint the secretary of board of directors to handle the following routine work:

- (a) to issue notices of meetings and distribute meeting schedules and relevant supporting materials to members;
- (b) to take minutes, compile opinions of all members presenting at the meeting and deliver minutes to them for signing; and
- (c) to distribute minutes to members of the remuneration and appraisal committee within fourteen days after conclusion of the meeting.

Minutes of the remuneration and appraisal committee shall be maintained by the secretary of the board of directors of the Company.

**Article 27** Resolutions and poll results adopted at the meetings of the remuneration and appraisal committee shall be reported to the Company's board of directors in writing.

**Article 28** Members attending the meeting shall keep all matters discussed at the meeting confidential. Unauthorized disclosure of the relevant information shall be prohibited.

**Article 29** Where an issue relating to a member is to be discussed at the meeting of the remuneration and appraisal committee, such related member shall be excused from the meeting in respect thereof.

The meeting concerned shall be held by the majority of the unrelated members attending the meeting and resolutions adopted shall be passed by the majority of the unrelated members. Where the number of unrelated members attending the meeting falls below one-half of the total number of unrelated members of the remuneration and appraisal committee, such item shall be submitted to the board of directors' meeting for consideration.

## **Chapter VI Supplementary Provisions**

**Article 30** In these Terms of Reference, the meaning of “no less than”, “within”, “no more than” includes the underlying number, while “more than”, “less than”, “lower than” does not include the underlying number.

**Article 31** These Terms of Reference shall come into effect and be implemented from the date of the listing of the Company upon consideration and approval by the board of directors. These Terms of Reference shall be revised if necessary according to the changes of actual situations, drafts of amendments are put forward by the committee and submitted to the board of directors for approval.

**Article 32** Matters not provided for under these Terms of Reference shall be implemented in accordance with the provisions of relevant laws and regulations of the State, Hong Kong Listing Rules and the Articles of Association. In case of any contradiction between these Terms of Reference and laws or regulations promulgated by China in future, Hong Kong Listing Rules, or the Articles of Association which are amended through legitimate procedures, the provisions of such laws and regulations of China, Hong Kong Listing Rules and the Articles of Association shall prevail, and these Terms of Reference shall be amended forthwith and submitted to the board of directors for consideration and approval.

**Article 33** These Terms of Reference are subject to the interpretation of the Board of Directors.