

**SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED**  
**上海實業城市開發集團有限公司**

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**NOMINATION COMMITTEE : TERMS OF REFERENCE**

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**1. Summary**

1.1 Constitution

The board of directors (the “**Board**”) of Shanghai Industrial Urban Development Group Limited (the “**Company**”) resolved to establish a nomination committee (the “**Committee**”) on 20 August 2010. These terms of reference are set up to govern the operations of the Committee.

1.2 Membership

The Committee shall consist of at least three Board members appointed by the Board, a majority of which shall be independent non-executive directors of the Company. In addition, the Chairman of the Committee shall be the Chairman of the Board or an independent non-executive director of the Company.

The Chairman of the Committee shall be appointed by the Board.

1.3 Operations

The Committee shall meet, at least once a year, as and when required. Meetings may be called for as the Committee members or its Chairman determine.

The quorum of a meeting shall be no less than two-third of the number of Committee members, a majority of whom shall be independent non-executive directors.

A resolution in writing signed by all the Committee members shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in like form, each signed by one or more of the Committee members.

The Company Secretary of the Company shall act as the Secretary of the Committee, who will record and keep minutes of all meetings as well as all written resolutions of the Committee. The Committee shall report its actions to the coming up meeting of the Board. Committee members shall be provided with the minutes of each meeting; and any action taken by the Committee shall be approved unanimously by all members, otherwise, any dispute shall be submitted to the Board for discussion and consideration.

## **2. Purposes**

It is the final decision of the shareholders of the Company (the “**Shareholders**”) to decide their representative on the Board, provided that the Board shall be obliged to assist the Shareholders in such decision. Furthermore, the Board shall be required to review the performance of the Board and its members, while the Committee shall assist the Board in this regards.

## **3. Annual general meeting**

The Chairman of the Committee (or in his absence, another member of the Committee, or failing this, his duly appointed delegate) shall attend the annual general meeting(s) of the Company and be prepared to respond to any Shareholders’ questions on the Committee’s activities.

## **4. Duties and responsibilities**

The primary duties of the Committee are as follows:

- 4.1 To review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
- 4.2 To develop and review the Board’s diversity policy, as appropriate; and review the measurable objectives for the implementation of the Board’s diversity policy and monitor progress towards the achievement of such;
- 4.3 To identify competent individuals to act as directors, and to make recommendations to the Board as to such potential nominees;
- 4.4 To assess the suitability of individuals in accordance with the selection criteria identified by the Committee;
- 4.5 To conduct appropriate inquiries to the backgrounds and qualifications of the director nominees; and to advise whether each proposed nominee appropriate for service on the Board;
- 4.6 To assess the independence of independent non-executive directors, having regard to the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- 4.7 To assist in evaluating each director’s performance in achieving effectiveness for the Board to consider his or her re-election as director;
- 4.8 To make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman, the Vice Chairman and the President;

- 4.9 To review, at per request of the Board, the composition of each committee of the Board and to present recommendations of committee memberships to the Board;
- 4.10 To collect and review information for the annual performance evaluation of the chief executive officer, and to submit evaluation report to the Board for discussion and consideration;
- 4.11 To consider issues involving possible conflicts of interest of directors and to make recommendations to the Board;
- 4.12 To review and discuss with the Board and senior executives the management's plans for professional trainings and corporate sustainable development;
- 4.13 To periodically review and reassess the comprehensiveness of these terms of reference of the Committee and to propose amendments to the Board for approval; and
- 4.14 To carry out any other duties and responsibilities issued by the Board from time to time.

## **5. Cessation**

Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director and/or a secretary of the Company.

## **6. Performance of the Committee**

The Board will evaluate the performance of the Committee from time to time to determine whether it is functioning effectively in accordance with the current best practice.