



新世界百貨中國有限公司

New World Department Store China Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 825)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

Constitution

The board (the “**Board**”) of directors (the “**Directors**”) of New World Department Store China Limited (the “**Company**”) established a committee of the Board known as the Remuneration Committee (the “**Committee**”) on 12 June 2007.

Membership

1. The Committee shall consist of at least three members. A majority of them are to be selected by the Board from amongst its independent non-executive Directors.
2. The chairman of the Committee shall be appointed by the Board from amongst its independent non-executive Directors.

Frequency and proceedings of meetings

3. The Committee shall meet at least once every year.
4. Meetings of the Committee shall be convened by its chairman or at the request of the Board.
5. A quorum shall be two-third of the members of the Committee.
6. The company secretary of the Company or a nominee shall act as the secretary of the Committee

Authority

7. The Committee is authorised by the Board to review, assess and make recommendations upon any issue within these terms of reference.
8. The Committee is authorised by the Board, and at the reasonable expense of the Company, to seek independent professional advice to perform its responsibilities where necessary.

9. The Company should provide the Committee sufficient resources to perform its duties and functions properly.

Duties and functions

10. The Committee shall have the following specific duties and functions:
 - A. to make recommendations to the Board on the Company's policy and structure for all Directors and Senior Management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - B. to determine with delegated responsibility, the remuneration packages of individual executive Directors and Senior Management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
 - C. to make recommendations to the Board on the remuneration of non-executive Directors;
 - D. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
 - E. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives from time to time;
 - F. 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;
 - G. 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;
 - H. to ensure that no Director or any of his associates is involved in deciding his own remuneration;
 - I. to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by applicable rules and regulations; and

- J. to consult the Chairman and/or chief executive about their remuneration proposals for other executive directors. The Committee should have access to independent professional advice if necessary.

Reporting procedure

- 11. The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

1 April 2012