

CHINESE ESTATES HOLDINGS LIMITED
(the “Company”)

Terms of Reference of the Remuneration Committee
(Revised and effective on 6th May, 2013)

(1) MEMBERSHIP

- 1.1 The Remuneration Committee (the “Committee”) is appointed by the board of Directors of the Company (the “Board”).
- 1.2 The Committee shall comprise a minimum of three members (the “Member(s)”). The majority of the Members shall be Independent Non-executive Directors (“INED(s)”).

(2) SECRETARY

Company Secretary shall be the secretary of the Committee. In the absence of the Company Secretary at any meetings of the Committee, the Members may select any person to act as the secretary at such meeting. The Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Committee.

(3) MEETINGS

- 3.1 The Committee shall meet at least once each year. A Member or a Director may request that a meeting be held if he/she considers it necessary.
- 3.2 Notice of any meetings has to be given at least 7 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member. Notice of any adjourned meetings is not required if adjournment is for less than 7 days.
- 3.3 The quorum for decisions of the Committee shall be two Members of which one of them must be INED.
- 3.4 The Committee must be chaired by an INED.
- 3.5 Resolutions of the Committee shall be passed by a majority of votes at a meeting of the Committee which can also be passed by way of unanimous written resolutions. Meetings can be held in person, by telephone or by video conference.
- 3.6 The Company Secretary (or the secretary selected at particular meeting) shall minute the proceedings and resolutions of all meetings of the Committee; draft up the written resolutions for the Committee’s approval and keep the records thereof. Draft and final versions of minutes of the Committee meetings shall be circulated to all Members for comment and records respectively within a reasonable period of time after the meeting.
- 3.7 For other procedures concerning the conduct of meetings of the Committee, the relevant provisions contained in the Company’s Bye-laws for the conduct of the Board meeting shall be applicable to the meetings of the Committee.

(4) ATTENDANCE

- 4.1 The Company Secretary shall normally attend all the meetings of the Committee, unless requested otherwise by the Committee.
- 4.2 Only Members are entitled to vote at the meetings.

(5) AUTHORITY

- 5.1 The Committee is authorized by the Board to collect and compile remuneration related information, to appoint remuneration consultants, to commission or purchase any reports, surveys or information which it considers necessary and to carry out any activity within its functions and responsibilities set out in these terms of reference, within any budgetary restraints as may be imposed by the Board.
- 5.2 The Committee shall have unrestricted access to the Executive Director(s), other senior executives or employees of the Company.
- 5.3 The Committee may obtain, at the expense of the Company, independent professional advice on any matters within its terms of reference. Arrangement to seek independent professional advice could be made through the Company Secretary.
- 5.4 The Committee shall be provided with sufficient resources to perform its duties.

(6) ROLE AND FUNCTION

The role of the Committee is to review and endorse remuneration policies of Directors and Senior Management in the light of current trends and business requirements, and to make recommendations to the Board as deemed necessary or to take approved action if within delegated authority.

For the purpose of this terms of reference, "Senior Management" should refer to the individuals whose biographical details are disclosed in the Company's annual report as under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(7) DUTIES

The duties of the Committee are:

- 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 review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- c. to assess the performance of Executive Director(s);
- d. to make recommendations to the Board on the remuneration packages of individual Executive Director(s), including benefits in kind, pension rights, compensation payments (including any compensation payable for loss or termination of their office or appointment) and share option under the share option/award scheme as adopted by the Company, from time to time, if any;

- e. to make recommendations to the Board or the Executive Committee of the Board (if delegation by the Board) on the remuneration packages of Senior Management, including benefits in kind, pension rights, compensation payments (including any compensation payable for loss or termination of their office or appointment) and share option under the share option/award scheme as adopted by the Company, from time to time, if any;
- f. to make recommendations to the Board on the remuneration of Non-executive Directors;
- g. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- h. to review and approve compensation payable to Executive Director(s) 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;
- i. to review and approve compensation arrangements relating to dismissal or removal of Directors for breaches and/or misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- j. to review and make recommendations to the Board for approval of the service contracts/agreements of all Directors, if any; and shall form a view in respect of service contracts/agreements that require shareholders' approval and advise shareholders (other than shareholders who are Directors with a material interest in the service contracts/agreements and their associates) as to whether the terms are fair and reasonable, advise whether such contracts/agreements are in the interests of the Company and its shareholders as a whole and advise shareholders on how to vote;
- k. to consult the Chairman of the Board and/or Chief Executive about their remuneration proposals for other Executive Director(s);
- l. to ensure no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- m. to consider any share option/award scheme that is suitable for the Company and to make recommendation to the Board for adoption of the share option/award scheme, including recommendation for any amendment on any terms and conditions of any share option/award scheme as the Committee may consider necessary and proper.

(8) CONFIDENTIALITY

All Members shall treat and keep all information and documents received or accessible from the Company (including, but not limited to, the reports or minutes of meetings of the Committee) in the strictest confidence and shall not directly or indirectly communicate or disclose or divulge (whether in writing or orally or in any other manner) any such information or document to any third party without prior written approval from the Board, save as disclosure is required under the laws and regulations of Hong Kong and/or Bermuda or is necessary to perform or discharge Member's duties.

(9) PUBLICATION OF THESE TERMS OF REFERENCE

A copy of the terms of reference is available on the websites of the Company and The Stock Exchange of Hong Kong Limited respectively and will be made available to any person without charge upon request.

Should there be any discrepancy between English and Chinese versions, the English version shall prevail.