

TERMS OF REFERENCE
OF THE REMUNERATION COMMITTEE
OF THE BOARD OF DIRECTORS
OF
KERRY PROPERTIES LIMITED
(Stock Code: 00683)

1 Preamble

- 1.1 Kerry Properties Limited (the “**Company**”) was incorporated in Bermuda on 2 January 1996. Its shares were listed on The Stock Exchange of Hong Kong Limited (“**HKEx**”) on 5 August 1996.
- 1.2 The Company has maintained a remuneration committee (the “**Remuneration Committee**”) in compliance with the requirements of the Rules Governing the Listing of Securities on HKEx (the “**Listing Rules**”) and the code provisions of the Corporate Governance Code (the “**CG Codes**”) issued by HKEx.
- 1.3 According to the principle set out in the CG Codes in relation to the remuneration of directors and senior management and board evaluation:-
 - 1.3.1 the Company should disclose the remuneration policy of the directors of the Company (the “**Directors**”) and other remuneration related matters;
 - 1.3.2 the procedure for setting policy on the remuneration of the executive directors of the Company (the “**Executive Directors**”) and all Directors’ remuneration packages should be formal and transparent;
 - 1.3.3 remuneration levels should be sufficient to attract and retain Directors to run the Company successfully without paying more than necessary; and
 - 1.3.4 no Director should be involved in deciding his own remuneration.
- 1.4 In order to bring the terms of reference of the Remuneration Committee in line with the principles and code provisions of the CG Codes, the Company’s board of directors (the “**Board**”) has revised the terms of reference of the Remuneration Committee as set out herein on 30 March 2012.
- 1.5 The Remuneration Committee, consisting of executive and independent non-executive directors, has as part of its mandate primary responsibility for making recommendations for approval by the Board with respect to the remuneration of the Executive Directors.
- 1.6 The Board is responsible for establishing the Remuneration Committee, and for defining its responsibility.

- 1.7 The Board will receive and consider the reports and recommendations from the Remuneration Committee for approval.

2 Duties and Authorities

- 2.1 The Remuneration Committee has the responsibility of:-
- 2.1.1 making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management ("**Senior Management**") of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - 2.1.2 reviewing and approving the Senior Management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board from time to time;
 - 2.1.3 determining, with delegated responsibility, the remuneration packages of individual Executive 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, or making recommendations to the Board on the remuneration packages of individual Executive Directors and Senior Management, and making recommendations to the Board on the remuneration of the non-executive Directors. In making its decisions or recommendations, the Remuneration Committee shall have regard to the representations of the Senior Management as set out in the report referred to in Section 5.2 below and any other factors which the Remuneration Committee deems appropriate;
 - 2.1.4 considering salaries paid by comparable companies in the market, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries (the "**Group**");
 - 2.1.5 reviewing and approving 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 for the Company;
 - 2.1.6 reviewing and approving 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;
 - 2.1.7 ensuring that no Director or any of his associates is involved in deciding his own remuneration; and
 - 2.1.8 advising shareholders of the Company on how to vote with respect to any service contracts of the Directors that require shareholders' approval under the Listing Rules.

- 2.2 The Remuneration Committee also administers the Company's Share Option Scheme with respect to the Directors and Senior Management and makes determinations with respect to grant guidelines, vesting periods, option periods and rights to exercise, and, subject to confirmation by the Board, individual grants.
- 2.3 The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about their remuneration proposals for other Executive Directors.
- 2.4 The Remuneration Committee shall have sufficient resources to perform its duties and where necessary, it shall seek independent professional advice, at the Company's expense, to perform its responsibilities.

3 Membership

- 3.1 The members of the Remuneration Committee are appointed by the Board.
- 3.2 The term of their office will be determined by the Board.
- 3.3 The Remuneration Committee comprises the independent non-executive Directors, the Chairman and the Chief Executive Officer of the Company, or such number of Directors subject to a majority in number being constituted by the independent non-executive Directors.
- 3.4 The Remuneration Committee is to be chaired by an independent non-executive Director.
- 3.5 The members of the Remuneration Committee shall be listed in the Company's annual report to shareholders.
- 3.6 When the compensation package of an individual Executive Director is under review, he/she will abstain from voting.

4 Secretary

- 4.1 The secretary of the Remuneration Committee will be the Chief Financial Officer of the Company or any other officer duly authorized by the Remuneration Committee.

5 Meetings

- 5.1 The Remuneration Committee chairman, in consultation with the Remuneration Committee members, will determine the frequency of the meetings of the Remuneration Committee. In his absence, a committee member who is also an independent non-executive Director, shall chair a Remuneration Committee meeting.

- 5.2 Prior to a meeting of the Remuneration Committee convened to propose the specific remuneration packages of Executive Directors and Senior Management, or to make recommendations to the Board on the remuneration of non-executive Directors, the Chief Financial Officer shall circulate to each member of the Remuneration Committee a report prepared by Senior Management representatives setting out, among other things, the Senior Management's views of the Company's performance, individual Director's performance, salaries paid by comparable companies in the market, time commitment and responsibilities and employment conditions elsewhere in the Group.
- 5.3 The secretary of the Remuneration Committee, in consultation with the appropriate members of management, will develop the Remuneration Committee's agenda.
- 5.4 The Remuneration Committee will issue an agenda of subjects to be discussed for each meeting. Any Remuneration Committee member shall be entitled, by notice to the secretary of the Remuneration Committee, to include other matters relevant to the Remuneration Committee in the agenda of a Remuneration Committee meeting.
- 5.5 Minutes of the meeting will be prepared by the secretary of the Remuneration Committee or any other officer duly authorized by the Remuneration Committee.
- 5.6 The quorum necessary for the transaction of business shall be two Remuneration Committee members, a majority of whom shall be independent non-executive Directors.
- 5.7 Other than as set out in these terms of reference, the Remuneration Committee shall adopt such procedures and principles as it sees fit in relation to the proceedings of the Remuneration Committee.

6 Reporting Procedures

- 6.1 The details of any remuneration payable to members of Senior Management shall be disclosed by band in the Company's annual report to shareholders.
- 6.2 The Remuneration Committee will make a report each year to the Board. The report will set out the Company's policy on Executive Director's remuneration.
- 6.3 The Remuneration Committee shall compile a report to shareholders on its role and activities to be included in the Company's annual report to shareholders.
- 6.4 The Company Secretary shall be responsible for making available the terms of reference of the Remuneration Committee, explaining the Remuneration Committee's role and the authority delegated to the Remuneration Committee by the Board, by including such terms of reference on HKEx's website and the Company's website.

7 Amendment

- 7.1 Any amendment to these terms of reference shall be authorized by the Board.