

**THE HONGKONG AND SHANGHAI HOTELS, LIMITED**  
(the “Company”)

**REMUNERATION COMMITTEE**  
(the “Committee”)

TERMS OF REFERENCE

**MEMBERSHIP**

The Committee shall have at least three members to be appointed by the Board, the majority of whom shall be Independent Non-Executive Directors. The Committee Chairman shall be an Independent Non-Executive Director of the Company.

The Company Secretary or his or her nominee shall act as the secretary of the Committee.

**MEETINGS**

The Committee shall meet at least twice a year and additionally as required. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder’s questions on the Committee’s activities.

The quorum of a meeting shall be two members of the Committee.

Written resolutions shall be passed and adopted by all Committee members.

**MAIN RESPONSIBILITIES**

- 1 To make recommendations to the Board on the remuneration philosophy and policies of the Group, which should include consideration of salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.
- 2 To note the annual pay increase percentage recommended by management.
- 3 To review and approve the structure of the bonus schemes for senior levels of management within the Group.
- 4 To establish a formal and transparent procedure for developing the Group’s remuneration policy.
- 5 To review and approve annually the remuneration packages of individual Executive Directors and senior management including bonuses, benefits in kind and pension rights with reference to corporate and individual performance.
- 6 To review annually and recommend to the Board the Non-Executive Directors’ fees (prior to approval at the Annual General Meeting), and the Board Committee Chairman and members’ fees.
- 7 To review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives.
- 8 To ensure that no Director or any of his/her associates is involved in deciding his or her own remuneration. The Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about the remuneration proposals for Executive Directors (other than the Chief Executive Officer).

- 9 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.
- 10 To review and approve compensation arrangements relating to the dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.
- 11 To review and approve the letters of appointment of Non-Executive Directors and Independent Non-Executive Directors.
- 12 To approve or endorse any recommendations or decisions in accordance with the powers granted to it under the Company Management Authority Manual.
- 13 To carry out any other duties as the Board may delegate from time to time.
- 14 To report to the Board on the Committee's decisions and recommendations.
- 15 To review the Committee's terms of reference periodically and recommend any proposed changes to the Board.

*Note: The Board approved this set of terms of reference for the Committee on 11 December 2015.*