

**SHANGRI-LA HOTELS (MALAYSIA) BERHAD**  
(Incorporated in Malaysia)

**TERMS OF REFERENCE  
NOMINATION AND REMUNERATION COMMITTEE**

**1. FORMATION**

- 1.1 The Board of Shangri-La Hotels (Malaysia) Berhad [“SHMB”] resolved to establish a Nomination and Remuneration Committee [“NRC”] on 13 December 2001 in accordance with Article 104 of the Memorandum & Articles of Association of SHMB.

**2. PRIMARY PURPOSE**

- 2.1 The formation of the NRC is primarily to provide a formal and transparent process for the appointment of new directors to the Board and to facilitate appropriateness, transparency and accountability to shareholders on issues of remuneration of the executive directors. Non-executive directors are paid an annual fixed fee, which is determined by the Board as a whole.
- 2.2 The Committee shall ensure that the Company’s executive directors are fairly rewarded through remuneration packages, which are competitive and designed to attract, retain and motivate executive directors of the right calibre. The Committee will take into account the need to structure the remuneration package in a way, which will recognise individual, corporate and business performance of the Company.

The Committee will make comparison with the remuneration practices and salary levels of other companies, particularly in the hospitality industry, but shall exercise its own judgement as to whether such other practices or salary levels are appropriate for the Company.

**3. MEMBERSHIP**

- 3.1 The members of the NRC shall be appointed by the Board and shall consist of not less than three members, majority of whom shall be independent non-executive directors in accordance with the definition provided under Paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad.

If membership for any reason falls below three members, the Board of Directors shall within one month of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

- 3.2 The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board.

#### 4. **MEETINGS**

- 4.1 The NRC shall meet as required during the year.
- 4.2 The quorum for a meeting of the NRC shall be two members. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present.
- 4.3 The Managing Director and any one of the executive directors may be invited to attend meetings as appropriate but shall not be present during discussions relating to their own remuneration.
- 4.4 The NRC is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary.

#### 5. **FUNCTIONS AND DUTIES**

- 5.1 The NRC is responsible for:-
  - ❑ recommending to the Board of Directors, appointments of new directors to the Board of SHMB and its major wholly-owned subsidiaries, and also recommending membership of board committees.
  - ❑ review annually the composition and effectiveness of the Board as a whole, the board committees and the contributions of each individual Director to the effectiveness of the Board. The Committee shall also consider the impact of the size of the Board upon its effectiveness.
  - ❑ review annually the required mix of skills and experience and other qualities including core competencies which non-executive directors should bring to the Board.
  - ❑ recommending to the Board the level and mix of the remuneration framework and packages for executive directors so as to ensure that the Group attracts and retains executive directors of the necessary calibre, experience and quality needed to run the Group successfully.
  - ❑ oversee the orientation of new directors with respect to the business structure, and the management and operations of the Group as well as the ongoing training needs of the existing directors, particularly with regards to new laws and regulations and changing commercial risks.