
Terms of Reference of Remuneration Committee

TENCENT HOLDINGS LIMITED

(the “Company”)

Remuneration Committee

Composition, terms of reference and responsibilities

Definition

1. For the purposes of these terms of reference:

“Board” means the board of directors of the Company.

“Company Secretary” means the company secretary of the Company.

“Directors” mean the directors of the Board.

“Group” means the Company, its subsidiaries and companies consolidated for accounting purposes.

“Listing Rules” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

“Remuneration Committee” means the remuneration committee established by the resolution of the Board in accordance with clause 2 of these terms of reference.

“Senior Management” refers to the same category of persons, if any, as referred to in the annual report of the Company and is required to be disclosed under the Listing Rules or as determined by the Board to constitute the senior management of the Company from time to time.

The word “remuneration”, as used in these terms of reference, includes without limitation any salaries, bonuses, allowances, benefits (in cash or in kind), pension arrangements, reimbursements, compensation payments (including any compensation payable for loss or termination of office or appointment), incentive payments and share options.

Constitution

2. The Board hereby resolves to establish a committee of the Board to be known as the Remuneration Committee.

Membership

3. The Remuneration Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, a majority of whom should be independent non-executive Directors. A quorum shall be two members.

4. The Chairman of the Remuneration Committee shall be appointed by the Board.

Attendance at meetings

5. The Company Secretary shall be the secretary of the Remuneration Committee.

6. Each member of the Remuneration Committee shall disclose to the Remuneration Committee:

- (a) any personal financial interest (other than as a shareholder of the Company) in any matter to be decided by the Remuneration Committee; or
- (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Remuneration Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Remuneration Committee.

Frequency of meetings

7. Meetings shall be held at least once a year.

8. Should an urgent meeting be required at short notice, such meeting may be held by means of a teleconference or by the circulation of a proposed resolution to all members. Any such resolution signed by all the members of the Remuneration Committee will be as effective as if it had been approved at a meeting of the Remuneration Committee.

Authority

9. The Remuneration Committee is authorised by the Board to discharge its duties within these terms of reference. It is authorised to seek any remuneration information it requires from the Senior Management who is directed to co-operate with the Remuneration Committee.

10. The Remuneration Committee is authorised by the Board to delegate such of its power, as the Remuneration Committee deems appropriate, to the Senior Management.

11. The Remuneration Committee is authorised by the Board to obtain external independent professional advisors and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary to assist in the performance of its duties and responsibilities. The Remuneration Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external remuneration consultants who advise the Remuneration Committee.

Duties

12. The duties of the Remuneration Committee shall include:

- (a) to review and approve general policy relating to strategic compensation issues;
- (b) to make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (d) to:
 - (i) determine, with delegated responsibility, the remuneration packages of each member of the Senior Management; and
 - (ii) make recommendations to the Board on the remuneration packages of each Director.

This should include benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);

- (e) to make recommendations to the Board on the remuneration of non-executive Directors;
- (f) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (g) to review and approve the 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;
- (h) 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;
- (i) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- (j) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

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13. In carrying out its duties under these terms of reference, the Remuneration Committee should:
- (a) provide the packages needed to attract, retain and motivate executive Directors of the quality required, but should avoid paying more than is necessary for this purpose;
 - (b) consult the Chairman and/or President of the Company as to its proposals relating to the remuneration of executive Directors; and
 - (c) ensure that any share options or share awards offered by the Company are in accordance with Chapter 17 of the Listing Rules.
14. Without prejudice to the generality of the terms of reference to the Remuneration Committee set out above, the Remuneration Committee shall:
- (a) operate the Company's share schemes (including share option schemes and share award schemes) (if any) or other incentives schemes (if any) as they apply to. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and propose amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendments);
 - (b) liaise with the trustee/custodian of any employee share scheme which is created by the Company for the benefit of employees or Directors; and
 - (c) review the terms of executive Directors' service contracts from time to time.

Reporting procedures

15. The secretary of the Remuneration Committee shall notify members of the Remuneration Committee of forthcoming meetings, prepare an agenda detailing points of discussion, distribute the necessary papers and prepare the minutes of meetings.
16. The secretary of the Remuneration Committee shall circulate the minutes of meetings and reports of the Remuneration Committee to the Board.
17. The Chairman of the Remuneration Committee shall report back to the Board at each scheduled board meeting. The Remuneration Committee shall keep the Board fully informed of its actions, decisions or recommendations, unless there are relevant legal or regulatory restrictions on its ability to do so.