



# HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock Code: 00050)**

Adopted on 20 March 2012 and revised with effect from 15 October 2012

## **TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

### **1. Membership**

- 1.1 The members of the Remuneration Committee (the “Members”) shall be appointed by the Board from time to time. The majority of the Members shall be independent non-executive Directors.
- 1.2 The Chairman of the Remuneration Committee shall be an independent non-executive Director and appointed by the Board.

### **2. Secretary**

- 2.1 The Company Secretary shall be the secretary of the Remuneration Committee.

### **3. Meetings**

- 3.1 The Remuneration Committee shall meet at least once a year.
- 3.2 Notice of meeting has to be given at least 7 days prior to any such meeting being held, unless all Members unanimously waive such notice.
- 3.3 The quorum of the Remuneration Committee meeting shall be two Members.
- 3.4 Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 3.5 Resolutions of the Remuneration Committee at any meetings shall be passed by a simple majority of votes of the Members present and voting.
- 3.6 A resolution in writing signed by all the Members of the Remuneration Committee shall be as valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly convened and held.
- 3.7 Minutes shall be kept by the secretary of the Remuneration Committee. Draft and final versions of minutes shall be circulated to all Members for their comment and records respectively, in both cases within a reasonable period of time after the meeting.

*Revised with effect from 15 October 2012*

#### **4. Attendance at Meetings**

- 4.1 At the invitation of the Remuneration Committee, the Chairman of the Board and/or Group General Manager, external advisers and other persons may be invited to attend all or part of any meetings.
- 4.2 Only Members of the Remuneration Committee are entitled to vote at the meetings.

#### **5. Annual General Meeting**

- 5.1 The Chairman of the Remuneration Committee or in his/her absence, another Member of the Remuneration Committee, shall attend the Company's Annual General Meeting and be prepared to respond to shareholders' questions on the Remuneration Committee's activities and their responsibilities.

#### **6. Responsibility, Powers and Discretion**

The Remuneration Committee shall have the following responsibilities, powers and discretion:

- 6.1 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;
- 6.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 6.3 to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management. This should include but without limitation, basic salaries, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- 6.4 to make recommendations to the Board on the remuneration of non-executive Directors;
- 6.5 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- 6.6 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;
- 6.7 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; and
- 6.8 to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

## **7. Reporting Responsibilities**

7.1 The Remuneration Committee shall report to the Board on its decisions or recommendations when appropriate, unless there are legal or regulatory restrictions on its ability to do so.

## **8. Authority**

8.1 The Remuneration Committee shall consult the Chairman of the Board and/or Group General Manager about their remuneration proposals for other executive Directors and senior management.

8.2 The Remuneration Committee is authorised by the Board to seek any remuneration related information it requires from senior management of the Company in order to perform its duties.

8.3 The Remuneration Committee is authorised by the Board where necessary to have access to independent professional advice.

8.4 The Remuneration Committee shall be provided with sufficient resources to perform its duties.

## **9. Publication of the Terms of Reference**

9.1 The terms of reference will be posted on the websites of the Company and The Stock Exchange of Hong Kong Limited.

## **10. English to Prevail**

10.1 If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.