

Hong Kong Ferry (Holdings) Company Limited
Terms of Reference for the Remuneration Committee

1. Membership

- 1.1 Members of the Remuneration Committee (“the Committee”) shall be appointed by the Board of Directors of the Company. The Committee shall be made up of at least 3 members, the majority of whom are independent non-executive directors.
- 1.2 Appointments to the Committee shall be for a period of up to three years, which may be extended for such period as may be determined by the Board of Directors of the Company.
- 1.3 The Board of Directors shall appoint the Committee Chairman who shall be an independent non-executive director. The Chairman of the Board shall not be Chairman of the Committee.

2. Secretary

- 2.1 The company secretary shall act as the secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be 2. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Meetings

- 4.1 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, members of the senior management, the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 4.2 The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall decide.
- 4.3 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members.
- 4.4 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, no later than 7 days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, no later than 3 days before the date of the meeting (or such other period as agreed).

5. Minutes of Meetings

- 5.1 Minutes of Committee meetings should record all the proceedings and resolutions in sufficient details.
- 5.2 Draft and final versions of minutes of Committee meetings shall be sent to all members of the Committee for their comment and records respectively within a reasonable time after the Committee meetings are held and, once agreed, to all members of the board.

6. Annual General Meeting

- 6.1 The Chairman of the Committee shall attend the Annual General Meeting of the Company and prepare to respond to any shareholders' questions on the Committee's activities.

7. Duties

The Committee shall:

- 7.1 make recommendations to the Board of Directors on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- 7.2 have the delegated responsibility to determine the specific remuneration packages of all 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, and make recommendations to the Board of Directors of the remuneration of non-executive directors. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
- 7.3 review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board of Directors from time to time;
- 7.4 review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- 7.5 review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- 7.6 ensure that no director or any of his associates is involved in deciding his own

remuneration;

- 7.7 form a view in respect of service contracts that require shareholders' approval under the Listing Rules, i.e. any service contract to be granted by the Company or any of its subsidiaries to any director or proposed director of the Company or to any director or proposed director of any of its subsidiaries which: (a) is for a duration that may exceed three years; or (b) in order to entitle the Company to terminate the contract, expressly requires the Company to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's emoluments and advise shareholders (other than shareholders who are directors with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the Company and its shareholders as a whole and advise shareholders on how to vote; and
- 7.8 consider and make recommendation on any other issues as requested by the Board of Directors.

8. Authority

- 8.1 The Committee is authorized by the Board of Directors to seek any information it requires from any employee of the company in order to perform its duties.
- 8.2 In connection with its duties the Committee is authorized by the Board of Directors to obtain, at the Company's expense, professional advice or other kind of resources, whether it is human or financial, to discharge its duties.

9. Reporting Responsibilities

- 9.1 The Committee Chairman shall report to the Board of Directors of the Company on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board of Directors it deems appropriate on any area within its responsibilities where action or improvement is needed.

10. Other

- 10.1 The Committee shall make available its terms of reference, explaining its role and the authority delegated to it by the Board of Directors of the Company on request and by such means or method as may be required by the Code Provisions, Appendix 14 of the Listing Rules.