

# FAR EAST HOLDINGS INTERNATIONAL LIMITED

(the “Company”)

## TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

### **(1) Functions and Objectives**

The Remuneration Committee (the “Remuneration Committee”) is to assist the board (the “Board”) of directors of the Company (the “Directors”) to develop and administer a fair and transparent procedure for setting policy on the remuneration of Directors and senior management of the Company and for determining their remuneration packages.

### **(2) Membership**

- 2.1 All members of the Remuneration Committee (the “Member(s)”) shall be appointed by the Board and can be removed by the Board at its sole discretion. The Remuneration Committee shall comprise a minimum of three Directors.
- 2.2 The majority of the Members shall be independent non-executive Directors.
- 2.3 The Chairman of the Remuneration Committee shall be appointed by the Board and should be an independent non-executive Director.
- 2.4 The Board shall change the composition of the Remuneration Committee as may be required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), or other codes, rules and regulations as may be prescribed by the applicable regulatory authority as modified from time to time.

### **(3) Secretary**

The company secretary of the company shall be the secretary of the Remuneration Committee.

### **(4) Authority**

- 4.1 The Remuneration Committee shall report directly to the Board and shall, where appropriate, consult the Managing Director and Chief Executive Officer of the Company for any clarification on their proposal relating to the remuneration of executive Directors and senior management.
- 4.2 The Remuneration Committee is authorized by the Board to obtain outside independent professional advice if it considers necessary.
- 4.3 The Remuneration Committee shall be provided with sufficient resources to discharge its duties.

### **(5) Duties**

The duties of the Remuneration Committee shall include the following aspects:

- 5.1 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.

- 5.2 to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- 5.3 to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group.
- 5.4 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.
- 5.5 to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they consistent with contractual terms and are otherwise reasonable and appropriate.
- 5.6 to ensure that no Director or any of his associates is involved in deciding his own remuneration.

**(6) Remuneration Committee Meetings**

6.1 Frequency

The Remuneration Committee shall meet at least once a year. Additional meetings should be held as when necessary.

6.2 Notice

Notice of any meetings of the Remuneration Committee has to be given at least fourteen days prior to any such meeting being held, unless all Members unanimously waive such notice. Notice of any adjourned meetings is not required if adjournment is for less than fourteen days.

A Member may at any time summon a Remuneration Committee meeting.

Notice shall be given to each Member in person orally or in writing or by telephone or by facsimile transmission or email at numbers or addresses from time to time notified to the secretary of the Company by such Member or in such other manner as the Members may from time to time determine.

Any notice given orally shall be followed by confirmation in writing before the meeting.

6.3 Quorum

The quorum for meetings of the Remuneration Committee should be two, of whom at least one has to be independent non-executive Director.

6.4 Minutes

The secretary of the Remuneration Committee should keep full minutes of all Remuneration Committee meetings. Draft and final versions of minutes of meetings of the Remuneration Committee should be sent to all Members for their comment and records respectively, in both cases within a reasonable time after the meeting.