

# **Grand Ocean Advanced Resources Company Limited**

**弘海高新資源有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 65)**

## **Terms of Reference of the Remuneration Committee**

*(Adopted by the Company pursuant to the Board resolution passed on 28 March 2012)*

### **1. Composition**

1.1 The Remuneration Committee shall be appointed by the Board from time to time and shall consist of not less than three directors, a majority of which shall be independent non-executive directors who shall meet and maintain the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). A quorum shall be two members. The Chairman of the Remuneration Committee shall be appointed by the Board and must be independent non-executive director.

1.2 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 interest exists from participating in the discussions concerning such solutions, and shall (if so required by the Board) resign from the Remuneration Committee.

### **2. Frequency of meetings**

2.1 The Remuneration Committee shall hold at least one regular meeting in a year. Additional meetings of the Remuneration Committee may be held as and when required.

2.2 The company secretary of the Company (the “**Company Secretary**”) shall be the secretary of the remuneration committee.

### **3. Attendance at meetings**

3.1 Members of the Remuneration Committee may attend meetings of the Remuneration Committee either in person or through other electronic means of communication or in such other manner as the members may agree.

3.2 The chairman of the Board and/or managing director, external advisers and other person invited by a Committee member shall normally attend meetings of the Remuneration Committee.

3.3 Only members of the Remuneration Committee are entitled to vote at the meetings.

### **4. Proceed of the Committee**

#### 4.1 Notice of meeting

- (a) Unless otherwise agreed by all the Committee members, a meeting shall be convened by at least seven days’ notice.
- (b) A Committee member may at any time summon of a Committee meeting.
- (c) Notice shall be given to each Committee 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 Committee member or in such other manner as the Committee members may from time to time determine.
- (d) Any notice given orally shall be followed by confirmation in writing before the meeting.
- (e) Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purpose of the meeting.

## **5. Minutes of meetings**

5.1 Draft and final versions of minutes of Nomination Committee meetings shall be sent to all Nomination Committee members for their comment and records within a reasonable time after the meeting.

5.2 Minutes of the Nomination Committee shall be kept by the Company Secretary and shall be available for inspection by any member of the Nomination Committee or the Board at any reasonable time on reasonable notice.

## **6. Written resolutions**

6.1 Without prejudice to any requirement under the Listing Rules, written resolution may be passed and adopted by all members of the Nomination Committee.

## **7. Authority**

7.1 The Committee should consult the Chairman of the Board and/or chief executive of the Company about their remuneration proposals for other Executive Directors. The Committee is authorized to obtain from any Board members and/or employees of the Company any information in relation to remuneration for discharging its duties.

7.2 The Committee is authorized by the Board to have access to independent professional advice (if necessary), at the Company's expense, to perform its responsibilities and invite external parties with relevant experience and expertise to attend meetings (if necessary).

7.3 The Committee should be provided with sufficient resources to perform its duties.

## **8. Responsibilities and Duties**

8.1 The Remuneration Committee shall perform the following duties :

(a) To make recommendation to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal

transparent procedure for developing policy on such remuneration;

- (b) To have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefit in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their or appointment, and make recommendations to the Board of the Remuneration of non-executive directors. The Remuneration Committee shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions of the Company and its subsidiaries and the desirability of performance-based remuneration. The Remuneration Committee shall also ensure that the levels of remuneration should be sufficient to attract and retain the directors needed to run the Company successfully but should avoid paying more than is necessary for this purpose.
- (c) To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (d) To 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.
- (e) To 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.
- (f) To ensure that no director or any of his associates is involved in deciding his own remuneration; and
- (g) To advise shareholders of the Company on how to vote with respect to any service contracts of directors that require shareholders' approval in accordance with the Listing Rules.

## **9. Reporting Responsibilities**

The Remuneration Committee shall report back to Board on their decisions or recommendations unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

## **10. Annual general meeting**

The Chairman of the Remuneration Committee, or in his absence, another member of the Remuneration Committee or failing this, his duly appointed delegate, shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the Annual General Meeting on the Remuneration Committee's work and responsibilities.

Note: If there is any inconsistency between the English and Chinese versions of this Terms of Reference, the English version shall prevail.