

# **YGM TRADING LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(the “Company”)

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## **Regulations (the “Regulations”) relating to the remuneration committee (the “Remuneration Committee”) of the board of directors (the “Board”) of the Company**

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### **A. Constitution**

The Remuneration Committee is a committee of the Board.

### **B. Remuneration Committee**

#### **1. Membership**

1.1 Members of the Remuneration Committee shall be appointed by the Board from amongst the directors of the Company only and shall consist of not less than three (3) members, the majority being independent non-executive directors of the Company.

1.2 The chairman of the Remuneration Committee shall be an independent non-executive director of the Company as appointed by the Board.

1.3 The secretary of the Remuneration Committee shall be appointed by the Board (the “Secretary”).

1.4 The appointment of the members of the Remuneration Committee and the Secretary may be revoked, or additional members may be appointed to the Remuneration Committee by separate resolutions passed by the Board.

#### **2. Proceedings of the Remuneration Committee**

##### **2.1 Notice of meeting**

2.1.1 Unless otherwise agreed by all the Remuneration Committee members, a meeting of the committee shall be called by at least seven (7) days’ notice.

2.1.2 A member of the Remuneration Committee may and, on the request of a member of the Remuneration Committee, the Secretary shall, at any time summon a meeting of the Remuneration Committee. Notice shall be given to each member of the Remuneration Committee orally in person or in writing or by telephone or by telex or telegram or facsimile transmission at the telephone or facsimile or address from time to time notified to the Secretary by such member of the Remuneration Committee by such other means as the members may from time to time determine. Any notice given orally shall be confirmed in writing.

2.1.3 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 Remuneration Committee for the purposes of the meeting.

## **2.2 Quorum**

A quorum of the Remuneration Committee meeting shall be two (2) members of the committee.

## **2.3 Attendance of meetings by non-members**

Other members of the Board, apart from the members of the Remuneration Committee, have the right to attend any meetings of the Remuneration Committee, though they shall not be counted in the quorum.

## **2.4 Frequency of meetings**

Meetings shall be held at least once every year. The members of the Remuneration Committee may call any meetings at any time when necessary.

## **3. Written resolutions**

Resolutions may be passed by all members of the Remuneration Committee in writing.

## **4. Alternate members**

A member of the Remuneration Committee may not appoint any alternate.

## **5. Authority**

The Remuneration Committee may exercise the following powers:

- (a) to seek any information it requires from any employee of the Company and any professional advisers, to require any of them to prepare and submit reports and to attend meetings of the Remuneration Committee and to supply information and answer questions raised by the Remuneration Committee; and
- (b) to obtain outside legal or other independent professional advice and to secure the attendance of independent third parties with relevant experience and expertise if it considers necessary.

## **6. Duties**

The duties of the Remuneration Committee shall include, without limitation:

- (a) to make recommendations to the Board on the Company's policy and structure for directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) to determine, with delegated responsibility, the remuneration packages of all individual 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;
- (d) to make recommendations to the Board of the remuneration of non-executive

directors;

- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group.
- (f) 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;
- (g) 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;
- (h) to ensure that no director or any of his associate is involved in deciding his own remuneration; and
- (i) to advise shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under Rule 13.68 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

*It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the directors, is appropriate.*

## **7. Reporting Procedures**

The Secretary shall circulate the minutes of the meetings and all written resolutions of the Remuneration Committee to all members of the Board.

## **8. Continuing applications of the articles of association of the Company**

The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and not inconsistent with the provisions of these Regulations shall apply, *mutatis mutandis*, to regulate the meetings and proceedings of the Remuneration Committee.

## **9. Powers of the Board**

The Board may, subject to compliance with the articles of association of the Company and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, amend, supplement and revoke these Regulations and any resolution passed by the Remuneration Committee provided that no amendments to and revocation of these Regulations and the resolutions passed by the Remuneration Committee shall invalidate any prior act and resolution of the Remuneration Committee which would have been valid if these Regulations or resolution had not been amended or revoked.

Adopted on 27 March 2012