



**UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED**

**環球實業科技控股有限公司**

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

*(Stock Code: 1026)*

**(the “Company”)**

**Memorandum on  
Respective functions of the board of directors and the management  
and  
Corporate governance function of the board of directors**

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (as amended from time to time), every listed company should formalize the functions reserved to the board of directors and those delegated to management and formalize the corporate governance function of the board of directors .

The purpose of this memorandum is to set out (i) the matters to be reserved for the board of directors (the “**Board**”) of the Company and the matters which require prior approval from the Board before the management can be properly authorised to make decisions or enter into any commitments on behalf of the Company; and (ii) the terms of reference of the corporate governance function of the Board. The matters set out in this memorandum are not intended to be an exhaustive list and shall be reviewed and revised by the Board from time to time to ensure that the arrangement commensurate with the needs of the Company.

In general, the Board oversees the Company’s strategic development and determines the objectives, strategies and policies of the Company and its subsidiaries (collectively, “the **Group**”). The Board also monitors and controls operating and financial performance and sets appropriate policies for risk management in pursuit of the Group’s strategic objectives. The Board will also be responsible for the formation of the corporate governance policies of the Group. The Board delegates the implementation of strategies and day-to-day operation of the Group to the management. The corporate governance duties will be performed by the Board.

**Respective functions of the Board and the management**

The management shall exercise all of the powers, authorities and discretions of the Board in so far as they concern the management and day-to-day operation of the Group in accordance with such policies and directions as the Board may from time to time determine with the exception of matters which require the prior approval of the Board, including but not limited to the following:

1. Business strategy
  - approval of strategic objectives, annual plans and performance targets for the Group;

- approval of proposals for expansion or closures other than those which have been specifically approved in the strategic objectives and/or annual plans of the Group;
  - approval of budgets;
  - approval of performance indicators.
2. Appointment
    - appointment of any person as director to fill a casual vacancy or as an additional director;
    - appointment of the chairman and chief executive officer;
    - appointment of senior executives;
    - fixing of auditor's remuneration;
    - selection, appointment and dismissal of company secretary;
    - formation of board committees and approval of the membership and terms of reference of the board committees.
  3. Board and senior management
    - delegation of authority to the chairman, chief executive officer, management and board committee(s);
    - approval of remuneration and incentive policies;
    - approval of Group benefit policies;
    - approval of remuneration of directors and senior management;
    - assessment of the performance of the Company and the Board.
  4. Relations with the shareholders
    - arrangements for the annual general meeting and any other general meetings;
    - matters relating to disclosure as required by the applicable law and regulations;
    - formation of shareholder' communication policy.
  5. Financial matters
    - approval of annual accounts and directors' reports;
    - approval of accounting policies;
    - approval of any substantial change in the policies of the Company for balance sheet management including but without limitation capital adequacy, credit, liquidity, debt maturity profile, interest rate and exchange rate risks and asset concentration both geographically and by sector;
    - approval of internal audit plan;
    - approval of internal control policy and procedures;
    - acceptance of auditor's reports including management letters;
    - declaration of interim dividends and making recommendations on final dividends.
  6. Capital expenditures
    - approval of the capital expenditure budget;
    - approval of capital commitment, whether or not the same has been provided for in the capital expenditure budget and/or annual budget;
    - approval of priorities.
  7. Any transaction that constitutes notifiable transaction or connected transaction for the Company under the Listing Rules (as amended from time to time).

8. To assess the likely impact of unexpected and significant events and other events which can affect price and market activity of the shares of the Company and to decide whether the relevant information would be price-sensitive and need to be disclosed.
9. Risk management
  - risk assessment and insurance.
  - risk management policies.
10. Internal controls and reporting system
  - approval and establishment of any effective procedures for monitoring and control of operations including internal procedures for audit and compliance.
11. Use of the company seal(s).
12. Donations and sponsorships (if any) above approved limits.

### **Terms of reference of the corporate governance function of the Board**

The corporate governance duties of the Board shall include:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
2. to review and monitor the training and continuous professional development of directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
5. to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report under the Listing Rules.

*Notes:*

1. *In this memorandum, "ordinary and usual course of business" means the existing principal activities of each member of the Group or an activity wholly necessary for the principal activities of the entity.*
2. *In this memorandum, "senior management" refer to those employees of the Group who are referred to as senior management of the Group in the annual report of the Company or other documents published by the Group.*

Adopted with effect from 29 March 2012 pursuant to a resolution of the Board on 29 March 2012.