



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”)

**POLICY AND GUIDELINES OF THE REMUNERATION COMMITTEE
adopted pursuant to a resolution of the board of directors on 29 March 2012**

A. POLICY OBJECTIVES

Levels of remuneration of the Company and its subsidiaries (collectively the “**Group**”) should be sufficient to attract and retain persons of high quality and experience to run the business of the Group successfully. The Remuneration Committee (the “**Committee**”) shall consider and conduct reviews of remuneration of employees with regard to the following objectives:

- (i) to review each individual director’s or senior management’s ¹ performance and contribution to the Group’s performance;
- (ii) to ensure that the remuneration packages and benefits of the Group are commensurate with those offered by comparable companies in the relative industry to maintain the Group’s competitiveness in retaining and recruiting suitable personnel;
- (iii) to encourage enhanced performance by directors and senior management by recognizing their respective contributions to the Group;
- (iv) to ensure that the terms and conditions of agreements made with directors and senior management are fair and reasonable and that the service agreements are in the interests of the Company and the shareholders as a whole; and
- (v) to provide consistency in the review and determination of remuneration and benefits of directors and senior management.

¹ “Senior management” shall refer to the same persons referred to in the annual report of the Company and required to be disclosed under paragraph 12 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

B. GUIDELINES

1. Basic Salary and Benefits

- (a) The salaries, terms, conditions and benefits of employment of the executive directors and senior management shall be reviewed by the Committee at its meetings to be held at least once a year or as frequently as needed at the request of the board of directors (the “**Board**”) from time to time or at the initiative of the Committee.
- (b) The terms of any service agreements or letter of appointment proposed to be entered into by the Group and its respective directors or senior management should be reviewed and approved by the Committee and the Committee shall determine the specific remuneration packages for each individual in accordance with its adopted policies and guidelines from time to time and make recommendation to the Board on the remuneration of non-executive directors.
- (c) Without prejudice to other provision of this guideline, remuneration of executive directors shall comprise of (i) a basic remuneration determined with reference to their qualifications, industry experience and responsibilities within the Group; and (ii) individual remuneration determined in accordance with the guideline set out in paragraph 2 below.
- (d) Non-executive directors shall be compensated with reference to their qualifications, expertise and experience and the amount of time allocated to the affairs of the Group and the level of compensation of non-executive directors shall be reviewed by the Committee on an annual basis.
- (e) Independent non-executive directors shall be compensated with reference to (i) the level of compensation awarded to independent non-executive directors by other companies listed on The Stock Exchange of Hong Kong Limited; (ii) the responsibilities assumed by such independent non-executive directors; (iii) complexity of the relative industry and the business of the Group; (iv) goodwill and reputational value brought to the Company by the relevant independent non-executive director. The Committee may consider the number of sub-committees of which an independent non-executive director is a member and/or chair in determining the level of compensation of independent non-executive directors. Accordingly, the remuneration of each independent non-executive director may vary and may be adjusted with reference to the principles set out in this sub-paragraph 1(e).

- (f) Housing allowance may be granted to directors or senior management (i) in respect of the individual's usual place of residence; and/or (ii) in location(s) for which the individual is required to carrying out his duties from time to time. In considering the amount of housing allowance granted in case of (i), the Committee will consider the cost of housing in the individual's usual place of residence that commensurate with his status as a director or a member of the senior management of the Group. In case of (ii), the Committee will consider the length of stay the individual is required to stay outside his usual place of residence, the cost of alternative accommodation, including but not limited to hotel rates and short-term accommodation arrangement cost. Given that costs of hotel stay and other short term accommodation arrangements will be reimbursed by the Group, housing allowance shall only be granted in case (ii) if the Committee concludes that it is more cost efficient for the Group to provide the individual with a housing allowance than to reimburse the individual of the cost of alternative accommodation.
- (g) Other specific benefits, pension rights and compensation payments may be granted from time to time payable to directors and senior management with reference to the performance of the particular individual during the period under review and the frequency such individual is required to station and work outside his usual place of residence.
- (h) The Group's share option scheme(s) and the grant of options to directors and senior management in accordance with the share option scheme(s) adopted by the Group from time to time shall be reviewed by the Committee from time to time.
- (i) Out-of-pocket expenses incurred by directors and senior management in the course of performing their duties will be reimbursed by the Group subject to the provision of evidence of such expenses.

2. Individual Remuneration

- (a) The Committee shall review and determine the management's remuneration proposals with reference to the corporate goals and objectives set by the Board from time to time.
- (b) In determining payment of discretionary bonus for executive directors and senior management, regard will be given to the performance and contribution of the individual to the Group's overall performance.

3. Compensation Arrangements

- (a) The Committee shall review and approve compensation packages payable to 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.
- (b) The Committee shall review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that it is consistent with contractual terms and are otherwise reasonable and appropriate.
- (c) In case of payment of ex gratia payment upon the resignation or retirement of a director or senior management, the individual's overall performance and contribution to the growth and development of the Group shall be assessed and such payment shall only be made when the Committee determines that the individual has made contribution to the Group which is beyond his duties and has not been adequately compensated during his term of service.