

MMG LIMITED

(Company)

TERMS OF REFERENCE

OF

THE REMUNERATION COMMITTEE (formerly the REMUNERATION AND NOMINATION COMMITTEE)

(Approved by the board of directors of the Company at a meeting held on 11 April 2005 and amended on 15 February 2011, 28 March 2012, 6 September 2012 and 20 October 2015 respectively)

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1. CONSTITUTION

- 1.1 The Remuneration Committee (Committee) is established pursuant to a resolution passed by the board of directors of the Company (Board) at its meeting held on 11 April 2005. The Committee shall report directly to the Board.

2. MEMBERSHIP

- 2.1 Members of the Committee (Members) shall be appointed by the Board from amongst the directors of the Company (Directors) and shall consist of not less than three Members, a majority of which shall be independent non-executive Directors.
- 2.2 The Chair of the Committee shall be appointed by the Board and shall be an independent non-executive Director.
- 2.3 The General Counsel, or his or her delegate, shall be the secretary of the Committee (Secretary).
- 2.4 The appointment of the Members may be revoked, or additional Members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee.

3. PROCEEDINGS OF THE COMMITTEE

- 3.1 **Notice:** Unless otherwise agreed by all the Members, a meeting shall be called by at least seven days' notice. A Member may, and on the request of a Member, the Secretary shall, at any time summon a Committee meeting. Notice shall be given to each Member in person orally (which shall be confirmed in writing), in writing, by way of telephone, email, facsimile or any other remote electronic information delivery system at the address as notified by the Member to the Secretary from time to time or otherwise in such other manner as the Members may from time to time determine. The 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 for the purposes of the meeting.
- 3.2 **Quorum:** The quorum of the Committee meeting shall be three Members.
- 3.3 **Frequency:** Meetings shall be held at least once every six months, or as otherwise determined by the Members.

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3.4 **Voting:** A Member may not vote on any resolution of the Committee regarding his or her own remuneration.

3.5 **Attendance:** The Committee may invite other Board members, senior management, external or internal auditor or other person to be present at meetings. The Board members shall have the right of attendance. Management representatives and others attend by invitation only and for avoidance of doubt are not members of the Committee.

4. WRITTEN RESOLUTIONS

4.1 Written resolutions may be passed by a majority of the Members in writing.

5. ALTERNATE MEMBERS

5.1 A Member may appoint an alternate but such attendance shall not be counted as attendance by the Member himself or herself.

6. AUTHORITY OF THE COMMITTEE

6.1 The Committee may exercise the following powers:

- (a) to seek any information it requires from any employee of the Company and its subsidiaries (together, "Group") and any professional advisers (including auditors), to require any of them to prepare and submit reports and to attend Committee meetings and to supply information and address the questions raised by the Committee;
- (b) to review the performance of the Company's employees to determine the remuneration package to be offered to executive Directors and Senior Management (as defined below);
- (c) to obtain, at the Company's expense, outside legal or other independent professional advice or assistance as it considers to be necessary, including the advice of an independent human resource consultancy firm or other independent professionals, and to secure the attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies in the industry. The Committee shall have full authority to commission any report or survey which it deems necessary to help it fulfill its duties and should be provided with sufficient resources to discharge its duties; and

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- (d) invite the Company's auditor or any employee of the Group to attend a meeting of the Committee, and to the extent permitted by law and any applicable listing rules, access any document, report, material or information in the possession of an employee or external adviser of the Group.

7. DUTIES OF THE COMMITTEE

7.1 The duties of the Committee shall be:

- (a) to formulate and make recommendations to the Board on the Company's policy and structure for all Directors' and Senior Management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, to ensure that employees of the Group are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group. For the purpose of these terms of reference, "Senior Management" shall be the members of the Executive Committee of the Company being that category of persons, the relevant particulars of whom are 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 (Listing Rules);
- (b) to make recommendations to the Board on, the remuneration packages of 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, in the following manner:
 - (i) executive Directors shall determine the remuneration packages of employees of the Group other than the Senior Management, having regard to the remuneration policy laid down by the Committee;
 - (ii) remuneration packages of executive Directors and Senior Management shall be subject to the prior review by the Committee followed by a recommendation to the Board by the Committee, for the Board to ultimately determine;
 - (iii) the Committee should consult the Chairman and/or Chief Executive Officer of the Company about their remuneration proposals for other executive Directors;

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- (iv) the Committee should consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; and
 - (v) a significant proportion of executive Directors' remuneration should link rewards to corporate and individual performance;
- (c) to make recommendations to the Board on the remuneration of non-executive Directors, provided that, for the avoidance of doubt, remuneration of non-executive Directors shall be determined by the Board and/or shareholders of the Company (as the case may be);
- (d) notwithstanding (b) above, to review and approve the management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time;
- (e) in respect of any service agreement to be entered into between any members of the Group and its director or proposed director, the prior approval of which by the shareholders of the Company in general meeting is required pursuant to the Listing Rules, to review and provide recommendations to the shareholders of the Company (other than shareholders who are directors of a Group Company with a material interest in the relevant service agreements and their respective associates) as to whether the terms of the service agreements are fair and reasonable and whether such service agreements are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote;
- (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 of a Group Company or any of his associates (as defined in the Listing Rules) is involved in deciding his own remuneration; and
- (i) to consider other matters, as defined or assigned by the Board from time to time.

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- 7.2 The Committee will ensure that:
- (a) material issues arising from the work of the Committee that relate to matters which fall within the responsibilities of other board committees (i.e. the Risk Management Committee, the Governance and Nomination Committee and/or the Audit Committee) should be referred or communicated to such board committees and considered by such board committees;
 - (b) where there is a perceived overlap of responsibilities between the Committee and the other board committees, the Chairs of the Committees shall agree the most appropriate committee to fulfil any obligation and failing agreement shall refer the matter to the Board. An obligation under the terms of reference of the Committee will be deemed by the Board to have been fulfilled provided that it is dealt with by one of the board committees.

8. REPORTING PROCEDURES

- 8.1 Minutes of Committee meetings should record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Subject to paragraph 8.2, draft and final versions of the minutes of Committee meetings should be sent to all the Members for their comment and records, in each case within a reasonable time after the meeting.
- 8.2 In the case of final version of the minutes of the Committee meetings, once endorsed by the Chair of the Committee they should be sent to all Board members prior to the next Board meeting where practicable.
- 8.3 The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.

9. CONTINUING APPLICATION OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

- 9.1 The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

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10. POWERS OF THE BOARD

- 10.1 The Board may, subject to compliance with the articles of association of the Company and any applicable listing rules, amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.