



優然牧業
YOURAN DAIRY

China Youran Dairy Group Limited

中國優然牧業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9858

**Terms of Reference for
the Remuneration Committee of
China Youran Dairy Group Limited
(the “Company”)**

Definitions

1. For the purposes of these terms of reference (the *Terms*):

Board means the board of directors of the Company.

Company Secretary means the company secretary of the Company.

Directors mean the members of the Board.

Group means the Company and its subsidiaries and associated companies at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and associated companies, the present subsidiaries and associated companies of the Company or the businesses operated by its present subsidiaries and associated companies or (as the case may be) its predecessor.

Listing Rules mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

Remuneration Committee means the remuneration committee established by the resolution of the Board in accordance with clause 3 of these Terms.

Senior Management means the president and vice presidents and any other officers of the Company whose remuneration package is, or is proposed to be, more favourable than that of any officer appointed by the Board; and any other employees of the Company as determined by the Remuneration Committee.

Shareholders mean the shareholders of the Company.

2. The word “remuneration”, as used in these Terms, includes without limitation any salaries, bonuses, allowances, benefits (in cash or in kind), pension arrangements, reimbursements, compensation payments (including any compensation payable for loss or termination of office or appointment), and incentive payments.

Constitution

3. The Remuneration Committee was established by resolutions of the Board on May 17, 2021.

Membership

4. The members of the Remuneration Committee shall be appointed by the Board from time to time from among the Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors. The quorum of a Remuneration Committee meeting shall be any two members of the Remuneration Committee one of whom must be an independent non-executive Director.

5. The chairperson of the Remuneration Committee shall be an independent non-executive Director and shall be appointed by the Board.
6. 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 such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Remuneration Committee.

Frequency and Conduct of Meetings

7. Unless otherwise stated herein, the meetings are governed by the provisions contained in the Company's Articles of Association for regulating the meeting and proceedings of Directors.
8. Meetings shall be held at least once a year. The chairperson of the Remuneration Committee shall convene a meeting upon request by any member of the Remuneration Committee.
9. An agenda and accompanying Board papers should be sent in full to all Directors in a timely manner and at least 3 days before the intended date of a meeting of the Remuneration Committee (or other agreed period).
10. Senior Management is obliged to supply the Remuneration Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a Director requires more information than information provided voluntarily by Senior Management, the relevant Director should make additional necessary enquiries. The Board and individual Directors shall have separate and independent access to the Senior Management.

Annual General Meetings

11. The chairperson of the Remuneration Committee shall attend the Company's annual general meetings and be prepared to respond to any Shareholder's questions on the Remuneration Committee's activities.
12. If the chairperson of the Committee is unable to attend an Annual General Meeting of the Company, he/she shall arrange for another member of the Committee, or failing this, his/her duly appointed delegate, to attend in his/her place. Such person shall be prepared to respond to any Shareholder's questions on the Committee's activities.

Authority

13. The Remuneration Committee is authorised by the Board to discharge its duties within these Terms. It is authorised to seek any remuneration information it requires from the Directors and/or Senior Management who are directed to co-operate with the Remuneration Committee.
14. The Remuneration Committee is authorised by the Board to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, at the Company's expense, if it considers this necessary. The Remuneration Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external remuneration consultant who advises the Remuneration Committee.

Duties

15. The duties of the Remuneration Committee shall include:
 - (a) making recommendations to the Board on the Company's policy and structure for all Directors' and Senior Management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - (b) reviewing and approving management's remuneration proposals with reference to the Board's goals and objectives;
 - (c) being responsible for either:
 - (i) determining with delegated responsibility, the remuneration packages of individual executive Directors and Senior Management; or
 - (ii) making 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;
 - (d) making recommendations to the Board on the remuneration of non-executive Directors;
 - (e) considering salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
 - (f) reviewing and approving the compensation payable to executive Directors and Senior Management for any loss or termination of office or appointment in order to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;
 - (g) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct in order to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;

- (h) ensuring that no Director or any of his associates is involved in deciding his own remuneration;
 - (i) reviewing the Group's policy on expense reimbursements for the Directors and Senior Management;
 - (j) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
 - (k) to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules from time to time.
16. In carrying out its duties under these terms of reference, the Remuneration Committee should:
- (a) consult the chairman of the Board and/or the chief executive about their remuneration proposals for other executive Directors and have access to independent professional advice if necessary;
 - (b) provide the packages needed to attract, retain and motivate executive Directors of the quality required, but avoid paying more than is necessary for this purpose;
 - (c) judge where to position the Group relative to other companies. They should be aware what comparable companies are paying and should take account of relative performance;
 - (d) be sensitive to the wider scene, including pay and employment conditions within the Group and elsewhere, especially when determining annual salary increases; and
 - (e) ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and are designed to align their interests with those of Shareholders and to give the Directors incentives to perform at the highest levels.
17. Without prejudice to the generality of the terms of reference to the Remuneration Committee set out above, the Remuneration Committee shall:
- (a) review the terms of executive Directors' service contracts from time to time; and
 - (b) advise the Board in relation to the preparation of the Board's remuneration report (if any) to Shareholders.

Reporting Procedures

- 18. Full minutes of the Remuneration Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary or his appointed delegate), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
- 19. Minutes of meetings of the Remuneration Committee shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes should be sent to all members of the Remuneration Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.

20. Without prejudice to the generality of the duties of the Remuneration Committee set out in these Terms, the Remuneration Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on it to do so.

Provision of Terms of Reference

21. The Remuneration Committee should make available these Terms explaining its role the authority granted to it by the Board upon request and by including them on the Hong Kong Stock Exchange's website and the Company's website.

(If there is any inconsistency between the English and Chinese version of this document, the English version shall prevail.)