



Yip's Chemical Holdings Limited
(the "Company")

Terms of Reference of the Remuneration Committee

(Adopted by the Board of Directors on 29 June 2005 and updated on 16 March 2010, 2 December 2013, 18 December 2018 and 31 December 2020 respectively)

Constitution

1. The board (the "**Board**") of directors of the **Company** (the "**Directors**" and each a "**Director**") had resolved to establish a committee known as the Remuneration Committee (the "**Committee**").

Membership

2. The **Committee** shall comprise of at least two members, and majority of the members of the **Committee** ("**Members**" and each a "**Member**") should be independent non-executive **Directors**. The **Committee** shall be chaired by an independent non-executive Director and all **Members** shall be appointed and removed by the **Board**.

Quorum

3. The quorum necessary for the transaction of the business of the **Committee** shall be two.

Meetings

4. The **Committee** shall meet not less than once a year.
5. The Head of the Group Human Resources of the **Company** or his/her nominee shall act as the secretary of the **Committee**.
6. Unless otherwise agreed by all **Members**, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each **Member** and any other person required to attend, no later than 5 working days before the date of the meeting. Irrespective of the length of notice being given, attendance of a meeting by a **Member** shall be deemed waiver of the requisite length of notice.

7. Meetings could be held in person, by telephone, by video conference or by using similar communication equipment, provided that all persons participating in the meeting are capable of hearing each other.
8. A resolution in writing signed by all the **Members** shall be as valid and effectual as if it had been passed at a meeting of the **Committee** duly convened and held.
9. Secretary of the **Committee** shall minute the proceedings and resolutions of all **Committee** meetings. Minutes of **Committee** meetings shall be circulated promptly to all **Members** and, once agreed, to all **Members** of the **Board**.

Annual general meeting

10. The chairman of the **Committee** shall attend the annual general meeting prepared to respond to any shareholder questions on the **Committee's** activities.

Authority

11. The **Committee** is authorised to seek any information it requires from any employee or **Director** in order to perform its duties. In connection with its duties, the **Committee** is authorised to obtain advice from any person, including professional consultants, whom it regards as competent to give such advice.

Powers and duties

12. The **Committee** shall make recommendations to the **Board** on the **Company's** policy and structure for all remuneration of **Directors** and senior management (as defined in paragraph 12 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the **Listing Rules**")) and on the establishment of a formal and transparent procedure for developing remuneration policy. [Code Provision B.1.2(a)]
13. The **Committee** shall exercise the powers of the **Board** to determine the remuneration packages of individual executive **Directors** and senior management, (including salaries, bonuses, benefits in kind, the terms on which they participate in any share or other incentive scheme and any provident fund or other retirement benefit scheme and compensation payments (including any compensation payable for loss or termination of their office or appointment)). [Code Provision B.1.2(c)(i)]
14. The **Committee** shall consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group. [Code Provision B.1.2(e)]

15. The **Committee** shall review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; [Code Provision B.1.2(b)]
16. The **Committee** shall 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. [Code Provision B.1.2(f)]
17. The **Committee** shall 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. [Code Provision B.1.2(g)]
18. The **Committee** shall make recommendations to the Board on the remuneration of non-executive **Directors**. [Code Provision B.1.2(d)]
19. The **Committee** should ensure that no **Director** or any of his associates is involved in deciding his/her own remuneration. [Code Provision B.1.2(h)]
20. The **Committee** shall report to the **Directors** its activities as the **Board** may require from time to time.
21. The **Committee** shall exercise such other powers, authorities and discretions, and perform such other duties, of the **Directors** in relation to the remuneration of the executive **Directors** and senior management as the **Board** may from time to time delegate to it, having regard to the "Corporate Governance Code and Corporate Governance Report" ("the **Code**") set out in the **Listing Rules**.
22. In exercising its power, authorities and discretions and performing its duties, the **Committee** shall take full account of the **Code** and the **Listing Rules**.

Review

23. The **Committee** shall review this terms of reference once every eight years or subject to specific circumstances to ensure it is operating effectively and recommend any changes it considers necessary to the **Board** for approval.