



YORKEY OPTICAL INTERNATIONAL (CAYMAN) LTD.

(Stock Code: 2788)

Terms of Reference for Remuneration Committee

1. Role and Objective

1.1. The purpose of the Remuneration Committee (the “**Committee**”) is to assist the board of directors (the “**Board**”) of Yorkey Optical International (Cayman) Ltd. (the “**Company**”) to evaluate the performance and make recommendations on the remuneration package for all directors and senior management, and evaluate and make recommendations on incentive schemes.

2. Membership of the Committee

2.1. Members of the Committee shall be appointed by the Board from amongst the directors of the Company and shall comprise not less than three members. Majority of the Committee members shall be independent non-executive directors.

2.2. The chairman (the “**Chairman**”) of the Committee shall be an independent non-executive director and appointed by the Board.

2.3. The appointment of the members of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee. An appointment of Committee member shall be automatically revoked if such member ceases to be a member of the Board.

3. Authority

3.1. The Committee is authorized by the Board to investigate any activity within its terms of reference and to seek any information it requires from any employee for performing its duties.

3.2. The Committee is authorized by the Board where necessary to have access to independent professional advice.

3.3. The Committee shall consult the Chairman of the Board and/or chief executive about their remuneration proposals for other executive directors and senior management.

3.4. The Committee should be provided with sufficient resources to perform its duties.

4. Meetings and Administrative Matters

4.1. The Committee shall meet at least twice annually, or more frequently if circumstances require.

4.2. The quorum of a meeting of the Committee shall be two members, which at least one of the members shall be an independent non-executive director.

4.3. Unless otherwise agreed by all the Committee members, a meeting shall be called by at least 14 days' notice. Irrespective of the length of notice being given, attendance of a Committee member at a meeting constitutes a waiver of such notice unless the Committee member attending the meeting attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting has not been properly convened.

4.4. The Chairman (or in his or her absence, a member designated by the Chairman) shall preside at all meetings of the Committee. The Chairman shall be responsible for leading the Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.

4.5. The agenda of a meeting together with the relevant documents shall with best effort be circulated to the Committee members and other attendees at least three days before the scheduled date of the Committee meeting.

4.6. A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.

4.7. At the invitation of the Committee and/or the Chairman of the Board, external advisers and other persons may be invited to attend all or part of any meetings. Only members of the Committee are entitled to vote at the meetings.

4.8. A member of the Committee or an officer of the Company, or other person selected by the Committee, shall act as the secretary of the Committee for the purposes of recording the minutes of each meeting. Full minutes of the Committee meetings should be kept by the secretary of the meeting. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and records, within a reasonable time after the meetings.

5. Responsibilities of the Committee

The Committee shall perform the following duties:

5.1. to make 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;

5.2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

5.3. either (a) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or (b) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include but without limitation, basic salaries, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

5.4. to make recommendations to the Board on the remuneration of non-executive directors;

5.5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

5.6. 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;

5.7. 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; and

5.8. to ensure that no director or any of his associates is involved in deciding his own remuneration.

6. Reporting Responsibilities

6.1. The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

6.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its responsibilities where action or improvement is needed.

7. Annual General Meetings

7.1. The Chairman of the Committee shall attend annual general meetings of the Company as much as possible to respond to the questions of any shareholders on the affairs of the Committee.

7.2. If the Chairman of the Committee is unable to attend an annual general meeting of the Company, he/she shall arrange another member of the Committee (or if such member fails to attend the meeting, then his/her duly appointed representative) to attend the meeting. Such person shall be prepared for responding to the questions of any shareholders on the affairs of the Committee.

8. Publication of the terms of reference of the Committee

The Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the website of the Company and on the website of The Stock Exchange of Hong Kong Limited.

Revision endorsed by the Board on 30 October 2018

If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.