



Morimatsu International Holdings Company Limited

森松國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(the “Company”)

(Stock code: 2155)

TERMS OF REFERENCE OF REMUNERATION COMMITTEE

Membership

1. The remuneration committee should be established by the board of the Company (“Board”).
2. The majority of the remuneration committee members must be independent non-executive directors of the Company.
3. The remuneration committee must be chaired by an independent non-executive director and the chairman must be appointed by the Board.
4. The term of appointment to remuneration committee members are determined by the Board at the appointment date.

Secretary

5. The company secretary of the Company shall act as the secretary of the remuneration committee.
6. The remuneration committee may from time to time, appoint any other person with appropriate qualification and experience to act as the secretary of the remuneration committee.

Frequency and proceedings of meetings

7. The remuneration committee should meet at least once a year.
8. Notice of at least 14 days should be given for any meeting, unless such notification is waived by all members of the remuneration committee. Notwithstanding the notification period, the attendance of the member of the committee at the meeting would be deemed to be treated as the waiver of the required notification requirement. If the follow up meeting takes place within 14 days after the meeting, then no notification is required for such follow up meeting.

9. The quorum necessary for the transaction of business of the remuneration committee shall be two members of the remuneration committee, one of whom must be an independent non-executive director.
10. Meeting can be attended in person or via electronic means including telephonic or videoconferencing. The members of the remuneration committee can attend the meeting via telephonic or any similar communication device (all persons attending such meeting should be able to hear from such member via such communication device).
11. The resolution of the remuneration committee should be passed by more than half of the members.
12. The resolution passed and signed by all members of the remuneration committee is valid, and the validity is same as any resolution passed in the meeting held.
13. Full minutes of remuneration committee meeting should be kept by a duly appointed secretary of the remuneration committee and should be open for inspection at any reasonable time on reasonable notice by any director of the Company. Minutes of the meeting should record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed. Draft and final versions of minutes of the meeting should be sent to all committee members for their comment and records, within a reasonable time after the meeting.

Meeting attendance

14. Upon invitation from the remuneration committee, the chairman of the Board and/or the general manager or the chief executive officer, external advisor and the other persons can be invited to attend all or part of any meeting.
15. Only the member of remuneration committee can vote in the meeting.

Annual general meetings

16. The chairman of remuneration committee or (if absent) the other member of remuneration committee (must be an independent non-executive director) should attend the annual general meeting of the Company and handle the shareholders' enquiry on the activities and responsibilities related to the remuneration committee.

Responsibilities, duties, powers and functions

17. The remuneration committee shall have the following duties and powers:
 - (a) 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;

- (b) to review and approve the management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- (c) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) to make recommendations to the Board on the remuneration of non-executive directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries (the “**Group**”);
- (f) to review and approve the 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 or any of his associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) is involved in deciding his own remuneration;
- (i) to consider and approve the grant of share options to eligible participants pursuant to the share option scheme;
- (j) in respect of any service agreement to be entered into between any members of the Group and its director or proposed director, to review and provide recommendation to the shareholders of the Company (other than shareholder(s) who is/are director(s) 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 whole, and to advise shareholders on how to vote; and
- (k) to consider other matters, as determined or assigned by the Board from time to time.

Reporting responsibilities

18. The remuneration committee has to report to the Board after each meeting on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as restriction on disclosure due to regulatory requirements).

Authority

19. The remuneration committee should consult the chairman of the Board and/or the chief executive about their remuneration proposals for other executive directors.
20. The remuneration committee is authorized to request the senior management of the Company to provide any required resources or information related to the remuneration package to perform its duties.
21. The remuneration committee member should have access to independent professional advice at the expense of the Company if necessary, in order to fulfil his responsibility of being a member of the remuneration committee.
22. The remuneration committee should be provided with sufficient resources to perform its duties.

Remarks:

1. *“Senior management” refers to the same persons referred to in the Company’s annual report. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the Company’s directors, is appropriate.*
2. *If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.*