



MORRIS
HOLDINGS LIMITED

Morris Holdings Limited

慕容控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1575)

REMUNERATION COMMITTEE

TERMS OF REFERENCE

Constitution

1. The board of directors (the “**Board**”) of Morris Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) has resolved to establish a Committee of the Board to be known as the Remuneration Committee (the “**Committee**”) at a meeting held on 10 December 2016.

Membership and Quorum

2. The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members, a majority of whom should be independent non-executive directors of the Company. A quorum shall be two members. The initial members of the Remuneration Committee are Mr. Huang Wenli, Mr. Shao Shaomin and Ms. Zhang Bingbing.
3. The chairman of the Committee shall be appointed by the Board.

Mr. Huang Wenli shall be the first chairman.

Secretary

4. The company secretary of the Company, or in his absence, his representative, shall act as the secretary of the Committee (the “**Secretary**”). The Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary.

Frequency of meetings

5. Meetings shall be held not less than once a year. The Committee members may also call any meetings at any time when necessary or desirable.

Notice of meetings

6. Notice of meetings shall be given to all members of the Committee at least two days before the meeting.

This notice may be waived from time to time upon the unanimous agreement by the Committee members.

Casting vote

7. In the case of an equality of votes, the chairman of the Committee shall have the casting vote.

Consultation

8. The Committee should consult the chairman and/or chief executive officer of the Company about their proposals relating to the remuneration of other executive directors of the Company, if any, and, at the expenses of the Company, have access to professional advice if considered necessary.

Authority

9. The Committee is authorised by the Board to investigate any activity within its terms of reference and seek any necessary information which is within its scope of duties from the employees of the Company and its subsidiaries (including the members of the Board).

Duties

10. The duties of the Committee shall be:
 - (a) to establish and review the Company's policy and structure for all remuneration of directors and senior management and make recommendations to the Board on the establishment of a formal and transparent procedure for developing policy on such remuneration;
 - (b) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management of the Group, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive directors of the Company. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
 - (c) to review and approve the management's remuneration proposals by reference to corporate goals and objectives resolved by the Board from time to time;

- (d) to review and approve the compensation payable to executive directors and senior management of the Group in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- (e) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- (f) to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration and that, as regards the remuneration of a non-executive director who is a member of the Committee, his/her remuneration should be determined by the other members of the Committee; and
- (g) to advise shareholders of the Company with respect to any service contracts of directors that require shareholders' approval under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

For the purpose of this paragraph 10, "**senior management**" shall refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under Appendix 16 of the Listing Rules.

Reporting procedures

- 11. The Secretary or his/her representative shall circulate the minutes of meetings and reports of the Committee to all members of the Board.
- 12. The Committee shall report to the Board of its findings, decisions and recommendations.
- 13. Reports to the Board and minutes of the Committee should be approved by the Committee before submitting to the Board.

Adopted on 10 December 2016