



Prinx Chengshan Holdings Limited

浦林成山控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1809)

Nomination and Remuneration Committee

Terms of Reference

Preamble

1. Prinx Chengshan Holdings Limited (the “**Company**”) was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**HKEx**”) on 9 October 2018.

In compliance with the code of provision of the Corporate Governance Codes issued by the HKEx, a Nomination and Remuneration Committee (the “**Nomination and Remuneration Committee**”) needs to be established with the terms of reference as set out and adopted herein.

Constitution

2. The Nomination and Remuneration Committee was established by resolutions of the board of directors of the Company (the “**Board**”, and each director of the Board, a “**Director**”) on 10 September 2018.

Membership

3. The members of the Nomination and Remuneration Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, a majority of whom should be independent non-executive Directors. The quorum of a Nomination and Remuneration Committee meeting shall be any two members of the Nomination and Remuneration Committee one of whom must be independent non-executive Director.
4. The Nomination and Remuneration Committee shall be chaired by the Chairman of the Board or an independent non-executive Director.
5. The term of office of a member of the Nomination and Remuneration Committee shall be determined by the Board.
6. Each member of the Nomination and Remuneration Committee shall disclose to the Nomination and Remuneration Committee:
 - (a) any personal financial interest (other than as a Shareholder of the Company) in any matter to be decided by the Nomination and 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 Nomination and 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 Nomination and Remuneration Committee.

Frequency and procedure of meetings

7. Unless otherwise stated herein, the meetings of the Nomination and Remuneration Committee are governed by the provisions regulating the meetings and proceedings of Directors in the Company's articles of association.
8. Meetings shall be held not less than once a year. The chairman of the Nomination and Remuneration Committee shall convene a meeting upon request by any member of the Nomination and Remuneration Committee.
9. An agenda and any accompanying Committee papers should be sent in full to all members of the Nomination and Remuneration Committee in a timely manner and at least three days before the proposed date of a meeting of the Nomination and Remuneration Committee (or other agreed period).
10. The quorum of a Nomination and Remuneration Committee meeting shall be any two members of the Nomination and Remuneration Committee, one of whom must be an independent non-executive Director.
11. The Company is obliged to supply the Nomination and 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 the senior management, the relevant Director should make additional necessary enquiries. The Board and each Director shall have separate and independent access to the senior management.
12. The Secretary of the Nomination and Remuneration Committee shall be the company secretary of the Company or his/her appointed delegate.

Annual General Meeting

13. The chairman of the Nomination and Remuneration Committee shall attend the annual general meeting and be prepared to respond to any shareholder's questions on the Nomination and Remuneration Committee's activities.
14. If the chairman of the Nomination and Remuneration Committee is unable to attend an annual general meeting of the Company, he shall arrange for another member of the Nomination and Remuneration Committee, or failing this, his duly appointed delegate, to attend in his place. Such person shall be prepared to respond to any shareholder's questions on the Nomination and Remuneration Committee's activities.

Authority

15. The Nomination and Remuneration Committee is authorised by the Board to investigate any activity mentioned in these terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Nomination and Remuneration Committee.
16. The Nomination and Remuneration Committee is authorised by the Board to obtain independent professional advice to perform its responsibilities, at the Company's expense. The Nomination and Remuneration Committee is authorised and encouraged by the Board to obtain external independent professional advice from reputable internationally recognised advisors, at the Company's expense, and to secure the attendance of such external advisors with relevant experience and expertise. The Nomination and Remuneration Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external consultant who advises the Nomination and Remuneration Committee.

Duties

17. The duties of the Nomination and Remuneration Committee shall include:
 - (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
 - (b) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and establishing a formal and transparent procedure for developing remuneration policy;
 - (c) reviewing and approving the management's remuneration proposals with reference to the Board's goals and objectives;
 - (d) being responsible, as the Board shall direct, for 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;
 - (e) making recommendations to the Board on the remuneration of non-executive Directors;

- (f) making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors in particular the chairman of the Board and the managing director;
- (g) identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;
- (h) considering salaries paid by comparable companies in the industry in which the Company operates, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (i) 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 in line with market practice;
- (j) 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;
- (k) ensuring that no Director or any of his/her associates (as such term is defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) is involved in deciding his own remuneration;
- (l) reviewing the policy of 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 (the “**Group**”), on expense reimbursements for the Directors and senior management; and
- (m) assessing the independence of independent non-executive Directors.

18. The Nomination and Remuneration Committee shall also make recommendations to the Board concerning:
 - (a) formulating plans for succession for both executive and non-executive Directors;
 - (b) membership of the Company's audit and development strategy and risk management committees, in consultation with the chairmen of those committees; and
 - (c) the re-appointment of any non-executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.

19. In carrying out its duties under these terms of references, the Nomination and Remuneration Committee should:
 - (a) consult the chairman of the Board and/or the managing director about their remuneration proposals for other executive Directors and senior management and to consult independent professional advice if necessary;
 - (b) provide competitive packages needed to attract, retain and motivate executive Directors and senior management of the quality required in line with market practice;
 - (c) judge where to position the Group relative to other companies in the industry in which the Group operates. The Nomination and Remuneration Committee should be aware what comparable companies are paying and should take account of relative performance;
 - (d) be sensitive to market practice, including pay and employment conditions within the Group and elsewhere in the industry in which the Group operates, especially when determining annual salary increases;
 - (e) ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and senior management and are designed to align their interests with those of the shareholders and to give the Directors and senior management incentives to perform at the highest levels;
 - (f) review and/or approve matters relating to the share schemes under the Chapter 17 of the Listing Rules; and

- (g) ensure that the incentive schemes offered by the Company are in compliance with applicable laws and regulations, as applicable.
20. Without prejudice to the generality of these terms of references for the Nomination and Remuneration Committee set out above, the Nomination and Remuneration Committee shall:
- (a) operate the Company's incentive schemes as they apply to. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
 - (b) liaise with the trustee of any share scheme which is created by the Company for the benefit of employees, senior management or Directors;
 - (c) review the terms of executive Directors' and senior management's appointment letters from time to time; and
 - (d) advise the Board in relation to the preparation of the Board's remuneration report (if any) to the shareholders.

Reporting procedures

21. Full minutes of the Nomination and Remuneration Committee's meetings should be kept by the secretary of the Nomination and Remuneration Committee and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
22. Minutes of meetings of the Nomination and Remuneration Committee shall record in sufficient detail the matters considered by the Nomination and Remuneration Committee and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes should be sent to all members of the Nomination and Remuneration Committee for their comment and records respectively, within a reasonable time after such meetings.
23. Without prejudice to the generality of the duties of the Nomination and Remuneration Committee set out above, the Nomination and 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 doing so.

Provision of terms of reference

24. The Nomination and Remuneration Committee shall make available these terms of references on request and by inclusion onto the HKEx's website and the Company's website, thereby explaining the role of the Nomination and Remuneration Committee and the authority delegated to it by the Board.

Approval of Disclosure Statements

25. The Nomination and Remuneration Committee shall be responsible for approving all disclosure statements in relation to the Nomination and Remuneration Committee, including but not limited to relevant disclosure statements in annual reports, interim reports and information uploaded on the HKEx's website and the Company's website.

Review of terms of reference

26. The Nomination and Remuneration Committee shall review these terms of references annually, and may consider and submit to the Board any proposed changes that the Nomination and Remuneration Committee deems appropriate or advisable.