

*If there is any discrepancy between the English text and the Chinese text in respect of these terms of reference, the Chinese text shall prevail.*

## **LIAONING PORT CO., LTD.**

### **TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD**

#### **Chapter 1 General Principles**

- Article 1** In order to optimize the composition of board of directors (the “**Board**”) of Liaoning Port Co., Ltd (the “**Company**”), regulate the composition of its senior management of the Company, further establish a sound remuneration management system of its Directors and senior management, and enhance the corporate governance structure of the Company, these terms of reference are formulated in accordance with the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Rules Governing the Listing of Shares on the Shanghai Stock Exchange, the Articles of Association of Liaoning Port Co., Ltd. (the “**Articles**”) and other relevant regulations.
- Article 2** The Nomination and Remuneration Committee is a specialized committee subordinated and accountable to the Board. Its main responsibilities are to study the selection criteria and procedures of the Directors and managers, to conduct review and make recommendations of the candidates for Directors and managers, and to study the appraisal standards and remuneration policies of the Directors and managers.
- Article 3** The Nomination and Remuneration Committee shall discharge its duties independently in accordance with the provisions of these Terms of Reference.

#### **Chapter 2 Composition**

- Article 4** Members of the Nomination and Remuneration Committee shall be elected by the Board, comprising at least three (3) Directors, with the majority of them being Independent Non-executive Directors.
- Article 5** The Nomination and Remuneration Committee shall have a chairman, who shall also be an Independent Non-executive Director, and is responsible for presiding over the work of the Committee. The chairman shall be elected by the Committee members and submitted to the Board for approval. The chairman of the Committee shall attend the Company’s annual general meetings and respond to shareholders’ questions on the Committee’s activities.

**Article 6** The term of office of the Committee members shall be concurrent with the term of their directorships and a Committee member may be eligible for re-election upon expiry of his/her term. A Committee member shall be automatically disqualified if he/she ceases to be a Director of the Company during his term of office and the Board shall make up the number of Committee members in accordance with the provisions of these Terms of Reference.

**Article 7** The secretary to the Board of the Company shall be the secretary of the Nomination and Remuneration Committee, who shall be responsible for the day-to-day work liaison and organization of Committee meetings.

### **Chapter 3 Scope of Authority**

**Article 8** The main duties of the Nomination and Remuneration Committee shall include:

1. To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, study the selection standards and procedures of the Directors, general manager and other senior management and make recommendations on any proposed changes to the Board.
2. To identify individuals suitably qualified to become Directors and select and nominate such individuals for directorships and/or make such recommendations to the Board in respect thereof.
3. To assess the independence and performance of Independent Non-executive Directors.
4. To make recommendations to the Board on matters relating to the appointment, re-appointment and resignation of the Directors.
5. To review the Board's diversity policy (the "**Board Diversity Policy**"), and make recommendations to the Board on any proposed changes to the policy as appropriate; to review the measurable objectives that the Board has set for implementing the Board Diversity Policy and the progress on achieving those objectives; and to disclose the Board Diversity Policy or a summary of such policy, the measurable objectives and the progress on achieving those objectives in the Company's corporate governance report annually.

6. To determine the policy for nomination of directors, and disclose the policy in the Company's corporate governance report annually as appropriate. The nomination policy shall set out the nomination procedures and criteria to select and recommend candidates for directorship.
7. To make recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy.
8. To determine the remuneration package of all Executive Directors and senior management, including benefits-in-kind, pension rights and compensation for loss (including compensation for loss or termination of office or appointment), and make recommendations to the Board on the remuneration of the Non-executive Directors.

The factors to be considered by the Nomination and Remuneration Committee shall include the salaries paid by comparable companies, time commitment and responsibilities of Directors, employment criteria for other positions in the Group and whether the remuneration should be performance-related.

9. To review and approve the remuneration policies and standards determined in accordance with the business performance by reference to the targets of the Company passed by the Board from time to time.
10. To review and approve the compensation payable to Executive Directors and senior management for any loss relating to the loss or termination or appointment of office to ensure that it is consistent with the contractual terms or is otherwise fair and reasonable without causing undue burden on the Company.
11. To review and approve the compensation arrangement relating to the dismissal or removal of Directors for misconduct to ensure that it is consistent with the contractual terms or is otherwise reasonable and appropriate.
12. To ensure that no Director or any of his associates is involved in deciding his own remuneration.

13. To decide the remuneration levels of senior management by way of fixed or quantifiable standards that will peg the remuneration levels of senior management against the Company's performance and shareholders' yields.
14. To reasonably select and review market data of other companies within the industry in assessing the remuneration levels and market competitiveness of senior management from the three aspects of basic salary, annual bonus and long-term incentive mechanism.
15. To make recommendations to the Board in respect of overall human resources structure, planning, remuneration regime and human resources system.
16. To review and/or approve matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
17. To make recommendation on other matters determined by the Board.

**Article 9** The Nomination and Remuneration Committee shall be provided with sufficient background information and other supports relating thereto by management team of the Company.

**Article 10** The Nomination and Remuneration Committee shall be accountable to the Board where any resolution submitted by the Committee shall be approved by the Board.

#### **Chapter 4 Rules and procedures of proceedings**

**Article 11** The unit of the daily operations of the Nomination and Remuneration Committee shall be set up at the office of the Board. The secretary of the Committee shall be responsible for, in accordance with the requirements of the Nomination and Remuneration Committee, organizing the relevant functional departments of the Company to provide relevant information and other supporting documents required by the Nomination and Remuneration Committee to discharge its duties.

**Article 12** Resolutions relating to the duties of the Nomination and Remuneration Committee submitted to the Board for consideration shall be first considered by the Committee. Professional issues relating to the duties of the Nomination and Remuneration Committee shall be studied and discussed by the Committee prior to submitting its professional opinions and recommendations on the resolutions to the Board as references for the Board's decision-making.

**Article 13** Meetings of the Nomination and Remuneration Committee shall be held at least two times a year. The chairman or two members of the Committee may propose to hold an extraordinary meeting. Notices of regular and extraordinary meetings shall be given to all Committee members at least 5 days and 3 days respectively, in advance of the date of such meeting. In case of an emergency requiring an immediate meeting, notice of an extraordinary meeting may be given at any time with the consent of the chairman of the Committee. Extraordinary meetings may be held by means of telephone conference or similar equipment.

A Committee meeting shall be presided over by the chairman. In the event that the chairman is unable to attend the meeting, a Committee member may be appointed by the chairman to preside over a Committee meeting.

**Article 14** The quorum of a meeting of the Nomination and Remuneration Committee shall be more than two-thirds of the members of the Committee present at the meeting. Decisions of a Committee meeting shall be passed by more than one-half of all members of the Nomination and Remuneration Committee.

**Article 15** With the consent of the chairman of the Committee, the circulation of a resolution in writing may replace the convening of the Committee. In order to hold a meeting by such means, the office of the Board of the Company shall be responsible for circulating the relevant written resolution to all members of the Committee who shall be given reasonable time for consideration. Having received the replies of affirmative opinion via mail or by other means, a resolution of the Nomination and Remuneration Committee shall be passed and recorded by the office of the Board.

If any Committee member requests for supplementary information or further explanations from the Company, the relevant department of the Company involved in the matter being resolved shall be responsible for supplying the supplementary materials and report to the Committee.

**Article 16** The Board shall disclose, in the next annual report, its reasons for passing the resolution of any remuneration or fee arrangement which has been previously rejected by the Nomination and Remuneration Committee.

**Article 17** If the Nomination and Remuneration Committee deems necessary, it may invite other directors, supervisors, senior management and members of relevant functional departments of the Company to attend the Committee meeting.

**Article 18** The Nomination and Remuneration Committee may, if necessary, appoint intermediaries to provide professional opinions thereto at the expense of the Company.

**Article 19** The procedures relating to the holding of, voting and passing of resolutions at the meetings of the Nomination and Remuneration Committee shall comply with the relevant laws and regulations, these Articles and the provisions of these Terms of Reference.

**Article 20** The secretary of the Committee shall be responsible for the organization and minutes of the meetings of the Committee. The relevant functional departments of the Company shall be responsible for cooperating with the secretary of the Committee in performing various works specific to the meetings.

**Article 21** Where a resolution involving a member of the Nomination and Remuneration Committee is discussed at a Committee meeting, such member shall be excused from the meeting. If the Committee meeting fails to form a quorum in view of members abstained, the resolution shall be submitted to the Board for review.

**Article 22** The Nomination and Remuneration Committee shall have minutes of meetings and the minutes of the Committee shall be kept by the secretary of the Committee.

The initial draft of the minutes of a meeting of the Nomination and Remuneration Committee shall be sent to all members of the Committee within seven (7) days after the meeting for their comments and thereafter be finalized for the record. The minutes of the meetings shall record only the speeches and opinions made at the meeting by the members of the Committee who shall not request for opinions which have not been expressed at the meeting be supplemented and recorded.

**Article 23** The participants present at any meeting of the Committee shall have the obligation to keep confidential all matters discussed at such meeting and shall not disclose the information relating thereto without authorization.

## **Chapter 5 Miscellaneous**

**Article 24** These Terms of Reference shall be implemented from the date of approval of the Board.

**Article 25** These Terms of Reference shall be subject to the interpretation of the Nomination and Remuneration Committee of the Board of the Company. Any matters not provided for under these Terms of Reference shall be handled in accordance with the provisions of relevant laws, regulations, regulatory provisions and the Articles.