



(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “东方证券股份有限公司” and carrying on business in Hong Kong as “東方證券” (in Chinese) and “DFZQ” (in English))

Terms of Reference of the Remuneration and Nomination Committee of the Board of Directors

The English version is for reference only. Should there be any inconsistency between the English and Chinese versions, the latter shall prevail.

Chapter 1 General Provisions

Article 1 In order to improve the corporate governance structure of the Company and enhance the remuneration assessment and management system for the Company's directors, supervisors (non-employee supervisors), president and other senior management, the board of directors (hereinafter referred to as the "Board") of the Company has set up the Remuneration and Nomination Committee and formulates the terms of reference in accordance with requirement of laws, regulations, rules and normative documents including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Listing Rules") as well as the Articles of Association of Orient Securities Company Limited (hereinafter referred to as the "Articles of Association").

Article 2 The Remuneration and Nomination Committee is a specific working body set up in accordance with the Articles of Association.

Article 3 The "directors" as referred to herein shall mean chairman, Vice chairman and directors to whom the Company pays remuneration, and supervisors shall mean the chairman of the Supervisory Committee and supervisors (non-employee supervisors) to whom the Company pays remuneration, president and other senior management shall mean president, Vice president, chief financial officer, chief compliance officer, chief operating officer, investment banking director, secretary of the Board, all of which are employed by the Board, and other senior managers identified by the Board.

Chapter 2 Composition

Article 4 The members of the Remuneration and Nomination Committee shall consist of three to five directors. Independent directors shall account for more than one half of members of the Remuneration and Nomination Committee.

Article 5 The members of the Remuneration and Nomination Committee shall be nominated by the chairman of the Board or at least one-third of the Board members, and elected by the Board.

Article 6 The Remuneration and Nomination Committee shall have one chairman who shall be an independent director and is responsible for chairing the Remuneration and Nomination Committee. The chairman shall be elected by the Remuneration and Nomination Committee or elected by the Board, and shall be an independent director.

Article 7 The terms of the Remuneration and Nomination Committee shall be identical to that of the Board. A member may offer himself/herself for re-election upon the expiration of his/her term of office. Any member of the Remuneration and Nomination Committee who ceases to be a director of the Company during the term shall be automatically disqualified as a member of the Remuneration and Nomination Committee, and the vacancy shall be filled by the Remuneration and Nomination Committee in accordance to the Articles 4 to 6 above.

Article 8 The human resources management department is established under the Remuneration and Nomination Committee to be responsible for the preliminary preparatory and serving work for the decision making of the Remuneration and Nomination Committee, including collecting and providing related information, preparing research report for relevant subjects, preliminary examination of relevant subjects and drafting resolutions of meetings of the Remuneration and Nomination Committee.

Chapter 3 Duties and Authorities

Article 9 The main duties of the Remuneration and Nomination Committee include:

- (1) evaluating the structure, size and composition (including skills, knowledge and experience) of the Board at least once a year and make recommendations regarding any proposed changes to the Board to complement the corporate strategy. When considering the combination of the members of the board, to ensure the balance between executive and non-executive directors (including independent non-executive directors) and to consider from multiple aspects the diversity of the members of the Board, including but not limited to their gender, age, cultural and educational background, and professional experience;
- (2) reviewing and giving opinion on the selection criteria and procedures for directors and senior management, identifying qualified individuals as candidates for directors and senior management, reviewing their qualifications and making recommendations;
- (3) making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors (in particular, the chairman and the president);
- (4) assessing the independence of independent directors;
- (5) studying and reviewing the appraisal and remuneration management system for the directors and senior management based on the main scope, duties and importance of the senior management positions of the Company and the remuneration level of similar positions in other enterprises. The appraisal and remuneration management system includes but is not limited to performance appraisal criteria and procedures, the main appraisal system, and the principal plan and system regarding incentive and penalty. Making recommendations to the Board as to the overall performance appraisal and remuneration management system and structure for the directors and senior management, and the establishment of proper and transparent formulation procedures of the remuneration policy;
- (6) reviewing and approving the management's proposal on remuneration based on the corporate goals and objectives set by the Board;
- (7) making recommendations to the Board on the remuneration of executive directors and senior management. The above-mentioned remuneration includes non-monetary benefits, retirement allowance and compensation (including compensation for any loss or termination of office or appointment);

- (8) making recommendations to the Board on the remuneration for each non-executive director;
- (9) considering the remuneration package, time commitment, scope of responsibility of similar companies and other employment terms of other positions within the Group;
- (10) reviewing and approving the compensation due to executive directors and senior management for any loss or termination of office or appointment, so as to ensure that such compensation is consistent with the contractual terms; if such compensation is not consistent with the contractual terms, ensuring that it is fair, reasonable and not excessive;
- (11) reviewing and approving compensation arrangements relating to the dismissal or removal of directors for misconduct or the like, so as to ensure that such arrangements are consistent with the contractual terms; if such compensation is not consistent with the contractual terms, ensuring that it is reasonable and appropriate;
- (12) ensuring that no director or his associate (as defined in the Hong Kong Listing Rules) is involved in the determination of his remuneration;
- (13) evaluating and making recommendations on the performance of duties by the directors, supervisors (non-employee supervisors), president and other senior management;
- (14) reviewing the execution of the remuneration and appraisal system of the president and other member of the senior management; and
- (15) other matters as authorized by the Board or as stipulated in the Articles of Association.

Article 10 The Remuneration and Nomination Committee is accountable to the Board and the recommendation of candidates for director of the Company and the remuneration scheme for directors and supervisors (non-employee supervisors) are subject to approval of the Board of directors and shall be submitted the recommendation of director candidates to general meetings for consideration and decision; the appointment and remuneration scheme for president and other senior management shall be submitted the recommendation of director candidates to the Board of directors for consideration and decision.

Chapter 4 Proceedings

Article 11 The appraisal procedures for the directors, supervisors (non-employee supervisors), president and other senior management by the Remuneration and Nomination Committee are as follow:

- (1) the Company's directors, supervisors (non-employee supervisors), president and other senior management report to the Remuneration and Nomination Committee on their work;
- (2) the Remuneration and Nomination Committee evaluates the performance of directors, supervisors (non-employee supervisors), president and other senior management in accordance with the performance appraisal standards and procedures;

(3) the Remuneration and Nomination Committee proposes the amounts of remuneration and the incentive schemes for directors, supervisors (non-employee supervisors), president and other senior management according to the job performance appraisal results and remuneration distribution policies and, upon voting and passing, report to the Board.

Article 12 The procedures of the Remuneration and Nomination Committee for selecting directors, president and other senior management are as follows:

- (1) the Remuneration and Nomination Committee shall actively communicate with the relevant departments of the Company, to study the requirements of the Company and produce written reports;
- (2) the Remuneration and Nomination Committee may search extensively for candidates within the Company, its holding (associate) enterprises and the human resources market;
- (3) collect all information about the occupation, academic qualifications, titles, detailed working experience and all part time work experience of the shortlisted candidates, and produce written reports;
- (4) obtain consent from the nominees regarding the nomination, otherwise they shall not be considered as candidates;
- (5) convene a meeting to conduct a qualification review on the shortlisted candidate(s);
- (6) submit to the Board its proposal(s) and relevant information on the candidates one to two months prior to the election of new director(s) and the appointment of new president and senior management;
- (7) carry out other follow-up work according to the decision and feedback of the Board.

Chapter 5 Rules of Procedures

Article 13 Meetings of the Remuneration and Nomination Committee shall be held at least once every year. The notice of such meetings and the relevant materials for the meeting shall be given to all the members of the Remuneration and Nomination Committee not less than three days before the meeting. In the urgent situation where a meeting must be convened as soon as possible, such notice may be issued orally by telephone or otherwise, but the chairman shall give an explanation at the meeting. Meetings shall be chaired by the chairman. In the case of absence of the chairman, another Committee member may be appointed to chair the meeting.

Article 14 Meetings of the Remuneration and Nomination Committee may only be convened with the presence of more than half of the members. Each member has one vote. Resolutions may only be passed by more than half of all the members of the Remuneration and Nomination Committee voting in favor of such resolutions.

Article 15 As for meetings of the Remuneration and Nomination Committee, votes could be made by show of hands or by poll. In exceptional cases, voting by communications may be adopted.

Article 16 Where necessary, the Remuneration and Nomination Committee may also invite directors, supervisors and other senior management and the relevant staff of the Company to attend meetings.

Article 17 If necessary, the Remuneration and Nomination Committee may engage an intermediary institution or professionals to provide professional advice on its decision. The relevant cost shall be borne by the Company.

Article 18 The Remuneration and Nomination Committee shall keep minutes for its meetings. The minutes should record in sufficient detail the matters considered by the Remuneration and Nomination Committee and decisions reached, including any concerns raised by Committee members or dissenting views expressed. Draft and final versions of minutes of Committee meetings should be sent by the secretary to the Board to all members of the Remuneration and Nomination Committee within a reasonable time after the meeting. Draft versions of the minutes are for members to review, and final versions of the minutes will be kept as an archive record by the Remuneration and Nomination Committee. Members present at such meetings shall sign on the minutes which shall be maintained by the secretary to the Board of the Company.

Any director may review the minutes of committee meetings within a reasonable time after a reasonable notice was sent to the Company.

Article 19 Members present at meetings and others invited to attend such meetings are obliged to keep all matters discussed at such meetings confidential, and shall not disclose relevant information without authorization.

Chapter 6 Supplementary Provisions

Article 20 The power to interpret these Terms of Reference shall be vested in the Board.

Article 21 Upon approval by the Board, this Terms of Reference shall come into effect from the day on which the overseas listed foreign shares (H Shares) of the Company are listed on the Stock Exchange of Hong Kong Limited. The original Terms of Reference for the Remuneration and Nomination Committee of the Board of directors of Orient Securities Company Limited will lapse automatically once this Terms of Reference come into effect.