

山東省國際信託股份有限公司
SHANDONG INTERNATIONAL TRUST CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1697)

**Terms of Reference for
the Nomination and Remuneration Committee
under the Board of Directors**

Chapter 1 General Provisions

Article 1 In order to standardize the decision-making mechanism of the board of directors (hereinafter referred to as the “Board”) of Shandong International Trust Co., Ltd. (hereinafter referred to as the “Company”), prevent operational risks and ensure stable operation of the Company, the Company has established the nomination and remuneration committee under the Board and formulated these terms of reference in accordance with the relevant laws, regulations, normative documents 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 provisions under the Articles of Association of Shandong International Trust Co., Ltd. (hereinafter referred to as the “Articles”) and the Procedural Rules for the Board of Directors of Shandong International Trust Co., Ltd. (hereinafter referred to as the “Procedural Rules for the Board”).

Article 2 The nomination and remuneration committee is a specialized committee established under the Board which exercises its authority within the scope of authorization as stipulated under the Articles and authorized by the Board.

Article 3 The nomination and remuneration committee shall be accountable to and report its work to the Board.

Chapter 2 Composition

Article 4 The nomination and remuneration committee shall consist of no less than three directors, the majority of whom shall be independent directors.

Article 5 The members of the nomination and remuneration committee shall be elected by the Board.

Article 6 A member of the nomination and remuneration committee shall serve for a term of three years, and may be re-appointed. Replacement of members of the committee shall be subject to approval of the Board by way of resolution.

Article 7 The nomination and remuneration committee shall have one chairperson to be acted by an independent director appointed by the Board.

Article 8 The term of office for a member of the nomination and remuneration committee shall be the same as his term of his office in the Board, and may be re-elected and re-appointed upon expiration of his term of office. A member shall be automatically disqualified if he ceases to be a director of the Company during his term of office.

Article 9 The secretary to the nomination and remuneration committee shall be the company secretary or any person otherwise appointed by the nomination and remuneration committee from time to time.

Chapter 3 Major Duties

Article 10 The major duties and authorities of the nomination and remuneration committee are:

- (1) to carry out regular review at least once each year in respect of the structure, size and composition (including the aspects of skills, knowledge and experience) of the Board, and to make recommendations with regard to any proposed changes made to the Board in line with the Company's strategies;
- (2) to identify individuals with suitable qualifications for directors and senior management roles, and to select and nominate such individuals for directors and senior management roles or to advise the Board in respect thereof;
- (3) to assess the independence of independent directors;
- (4) to make recommendations to the Board on matters in relation to the appointment or re-appointment of directors and succession planning for directors (in particular, the chairperson of the Board and the general manager);
- (5) to make recommendations to the Board on the remuneration policy and structure for all directors and senior management members and on the establishment of a formal and transparent procedure for formulating the remuneration policy;
- (6) to assess the performance of duties of the directors and senior management members of the Company, and to appraise and assess their performance;

- (7) to supervise the implementation of the Company's remuneration system;
- (8) to review and approve the remuneration proposals for senior management members with reference to the corporate guidelines and objectives formulated by the Board;
- (9) to make recommendations to the Board on the specific remuneration packages of certain executive directors and senior management members, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
- (10) to make recommendations to the Board on the remuneration of the non-executive directors;
- (11) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (12) to review and approve compensation payable to executive directors and senior management members for loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair, reasonable and not excessive;
- (13) to review and approve compensation arrangements in relation to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (14) to ensure that no director or any of his associates (as defined under the Hong Kong Listing Rules) is involved in determining his own remuneration;
- (15) to consult with the chairperson of the Board and/or general manager about the remuneration proposals for other executive directors;
- (16) to review and/or approve matters relating to the share schemes under Chapter 17 of the Hong Kong Listing Rules, including any grant of options or awards to directors or senior management, and to make disclosure and give explanation in the corporate governance report on the appropriateness to approve such significant matters (if any); and
- (17) any other matters as authorized by the Board.

Article 11 The nomination and remuneration committee shall be accountable to the Board and the proposal of the nomination and remuneration committee shall submit to the Board for consideration. The remuneration plans for the directors of the Company may be implemented only upon consideration and approval by the general meeting after obtaining the Board's consent; the remuneration distribution plan for senior management members of the Company shall be submitted to the Board for approval; and other proposals shall be decided upon consideration and approval by the Board.

Article 12 The major duties and authorities of the chairperson of the nomination and remuneration committee are:

- (1) to convene and preside over the meeting of the nomination and remuneration committee;
- (2) to take charge of day-to-day work of the nomination and remuneration committee;
- (3) to examine, approve and sign the reports and other important documents of the nomination and remuneration committee;
- (4) to examine the implementation of resolutions and suggestions made by the nomination and remuneration committee;
- (5) to report to the Board on the nomination and remuneration committee's work on behalf of the nomination and remuneration committee; and
- (6) other duties the chairperson of the nomination and remuneration committee shall perform.

When the chairperson of the nomination and remuneration committee is unable to perform his duties for any reason, a member of the nomination and remuneration committee designated by the chairman shall perform the duties of the chairman on his behalf.

Article 13 The nomination and remuneration committee is authorized by the Board to investigate any activity within the scope of its duties and functions. The nomination and remuneration committee shall be entitled to seek any information from any employee and all employees shall cooperate with any request raised by the nomination and remuneration committee.

Article 14 The nomination and remuneration committee is authorized by the Board to obtain external legal advice or other independent professional advice at the Company's expense and to secure the attendance of any person with relevant experience or expertise at the meetings of the nomination and remuneration committee as appropriate.

Chapter 4 Working System

Article 15 The meetings of the nomination and remuneration committee shall be divided into regular meetings and interim meetings.

Article 16 The nomination and remuneration committee shall convene regular meetings at least once each year, or at such frequency as required under the Hong Kong Listing Rules or other regulatory requirements applicable to the Company from time to time. The chairperson of the nomination and remuneration committee shall be responsible for convening the meetings. When the chairperson of the nomination and remuneration committee is unable to perform his duties for any reason, a member of the nomination and remuneration committee designated by the chairperson shall convene the meeting, and when the chairperson of the nomination and remuneration committee fails to make the designation, one of the members of the nomination and remuneration committee shall convene the meeting.

An interim meeting of the nomination and remuneration committee shall be held where one of the following situations occurs:

- (1) When the Board proposes to convene such meeting;
- (2) When the chairperson of the nomination and remuneration committee proposes to convene such meeting;
- (3) When two or more members of the nomination and remuneration committee propose to convene such meeting; and
- (4) When the chairperson of the Board proposes to convene such meeting.

Article 17 The meetings of the nomination and remuneration committee shall only be held when two-thirds or more of members are present. Members of the nomination and remuneration committee shall attend the meetings of the nomination and remuneration committee in person. If a member is unable to attend the meeting for any reason, he may appoint another member as his proxy to attend the meeting and vote on his behalf in writing. In such case, he shall issue a written power of attorney and specify the scope of authorization for the proxy. Members who do not attend such meeting and do not appoint another member as his proxy to attend such meeting on his behalf will be deemed to have abstained from voting on such meeting.

Article 18 The Company shall give notice to all members and other attendees at least three days before convening of the meeting and deliver the agenda to all members in time.

Article 19 Each member of the nomination and remuneration committee shall have one vote when voting at the meeting of the nomination and remuneration committee.

A member may cast affirmative votes or abstain from voting or cast dissenting votes. Those who cast dissenting votes shall express their opinion.

Resolutions made at the meeting shall be passed by more than half of all members.

Those members who have connected relationship in the voting matters shall abstain from voting when members expressing their opinions.

Article 20 Those members who are involved in the matters being considered at the meetings of the nomination and remuneration committee shall abstain from such consideration. The nomination and remuneration committee may invite directors, supervisors, general manager or other senior management members of the Company to observe the meeting when considered necessary.

Article 21 The minutes of the meeting of the nomination and remuneration committee shall include the following information:

- (1) the date and venue of the meeting and the convener's name;
- (2) the names of the members present, the members absent, the proxies and the attendees;
- (3) the subject matter of the meeting;
- (4) the summary of speech given by the members and attendees;
- (5) the matters voted on and the voting results.

Article 22 The resolutions of the meeting of the nomination and remuneration committee shall include the following information:

- (1) the method by which the meeting is convened, date and venue of the meeting and the convener's name;
- (2) the names of the members present, the members absent, the proxies and the attendees;

- (3) the matters voted on and the voting results;
- (4) other matters that shall be explained and recorded in the resolutions.

Article 23 Minutes of meetings of the nomination and remuneration committee shall be maintained by the secretary to the nomination and remuneration committee and shall be open for inspection at any reasonable time on reasonable notice by any director. Draft and final versions of minutes of the meetings shall be circulated to all members of the nomination and remuneration committee within a reasonable time after the meeting.

Article 24 The recommendations, proposals and voting results at the meeting of the nomination and remuneration committee shall be reported to the Board of the Company in writing, unless restricted by laws or regulations from doing so.

Article 25 Members who attend the meetings shall not disclose any unpublished resolutions and confidential information of such meetings.

Chapter 5 Miscellaneous

Article 26 In these terms of reference, the terms “not less than” and “at least” include the figure itself, while “more than” does not include the figure itself.

Article 27 Upon approval at the Board meeting by way of resolution, these terms of reference shall come into effect.

Article 28 Matters which are not provided for in these terms of reference shall be governed by the requirements of the relevant laws and regulations in the People’s Republic of China, the Articles, the Hong Kong Listing Rules and other applicable laws and regulations in Hong Kong. If these terms of reference conflict with any applicable laws, regulations promulgated in the future or the Articles as amended through lawful procedures or the Hong Kong Listing Rules as amended from time to time, the requirements of relevant laws, regulations and the Articles as well as the Hong Kong Listing Rules shall prevail and these terms of reference shall be amended forthwith and submitted to the Board for consideration and approval.

Article 29 The Board of the Company shall have the right to interpret these terms of reference.