

ZHONGYUAN BANK CO., LTD.

中原銀行股份有限公司

Rules of Procedure Nomination and Remuneration Committee of the Board of Directors

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to further regulate the procedures and criteria of election of directors and senior management of Zhongyuan Bank Co., Ltd. (hereinafter referred to as the “**Bank**”), to establish a sound management system on remuneration and assessment and to improve the corporate governance structure, the Nomination and Remuneration Committee of the Board of Directors (hereinafter referred to as the “**Nomination and Remuneration Committee**”) is hereby established and these rules of procedure of the Nomination and Remuneration Committee of Zhongyuan Bank of Co., Ltd. (hereinafter referred to as the “**Rules of Procedure**”) are formulated in accordance with relevant laws, administrative regulations, rules, normative documents, such as the Company Law of the People’s Republic of China, the Commercial Banking Law of the People’s Republic of China, the Corporate Governance Guidelines for Banking and Insurance Institutions, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) and the Articles of Association of Zhongyuan Bank Co., Ltd. (hereinafter referred to as the “**Articles of the Bank**”).

Article 2 The Nomination and Remuneration Committee is a specialized working organization under the Board of Directors of the Bank, and is accountable to the Board of Directors. It shall be responsible to give professional advice to the Board of Directors or decide on special matters with authorization from the Board of Directors.

Article 3 The Nomination and Remuneration Committee shall on a regular basis exchange the development on operations and risks of the Bank with the senior management and department officers, deliver opinions and give suggestions.

Article 4 The Nomination and Remuneration Committee shall continuously follow up changes and its impacts on matters related to the terms of reference of the Nomination and Remuneration Committee, for which timely attention from the Nomination and Remuneration Committee shall be sought.

CHAPTER 2 COMPOSITION

Article 5 The Nomination and Remuneration Committee shall be consisted of at least three directors, and the majority of the members and the chairman of the Committee shall be independent directors.

Article 6 The composition and change to the Nomination and Remuneration Committee shall be nominated by the chairman of the Board of Directors subject to the decision of the Board of Directors.

Article 7 The duties of the chairman of the Committee shall include:

- (1) to preside over the Committee and ensure the Committee to work efficiently and discharge its duty;

- (2) to convene and preside the meeting of the Committee and determine the meeting agenda for each meeting of the Committee in accordance with this Rules of Procedure;
- (3) to ensure the Committee meeting can discuss appropriate matters and make clear conclusion for each subject matter;
- (4) to attend the annual general meeting to answer the questions of shareholders. Should he/she fail to attend, another member of the Nomination and Remuneration Committee shall be delegated to attend the meeting by the chairman of the Board of Directors; failing which, an appropriate representative shall be appointed.

When the chairman is unable to perform his/her duties, he/she shall appoint and delegate his/her duty to another member of the Committee.

Article 8 The term of office of the members of the Nomination and Remuneration Committee coincides with that of the directors and members of the Committee may serve consecutive terms if re-elected upon the expiration of their terms. If any member of the Committee ceases to be a director of the Bank or any member who should be an independent director no longer possess such independence as required by relevant laws and regulations, Hong Kong Listing Rules or the Articles of the Bank, he/she will automatically cease to be the member. If the number of member and the proportion of the independent director in the Nomination and Remuneration Committee do not meet the requirements of relevant laws and regulations, Hong Kong Listing Rules or the Articles of the Bank, the Board of Directors shall conduct re-elections or by-elections according to the Articles of the Bank and the provisions of these Rule of Reference.

Article 9 Any member of the Nomination and Remuneration Committee may be replaced in any one of the following circumstances subject to discussion and approval by the Board of Directors:

- (1) he/she tenders his/her resignation in writing;
- (2) other circumstances in which he/she is considered by the Board of Directors not suitable to serve as a member.

CHAPTER 3 RESPONSIBILITIES

Article 10 The major responsibilities of the Nomination and Remuneration Committee are as followed:

- (1) considering the Bank's remuneration management system and policy;
- (2) developing the assessment criteria for directors and senior management, conducting the assessment and making suggestions in this respect;
- (3) making recommendations to the Board of Directors on the Bank's policy and proposals for the directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; reviewing and approving the recommendations made by the management regarding remuneration according to the principles and objectives of the Company;
- (4) making recommendations to the Board of Directors on the remuneration packages of individual executive directors and senior management. The remuneration packages should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- (5) making recommendations to the Board on the remuneration of non-executive directors;
- (6) reviewing and approving compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (7) reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (8) ensuring that no director or any of his associates (as defined in Hong Kong Listing Rules) is involved in deciding his own remuneration;
- (9) formulating the mid – and long-term incentive plans and implementation schemes of the Bank;
- (10) evaluating regularly the market competitiveness of the remuneration of the Bank, considering salaries paid by comparable banks, time commitment and responsibilities, and employment conditions elsewhere in the Bank and its subsidiaries, as well as making dynamic adjustment for the remuneration policy of the Bank;
- (11) reviewing the structure, size, composition and diversification (including the skills, knowledge and experience) of the Board of Directors at least annually and make recommendations on any proposed changes to the Board of Directors to complement the Bank’s corporate strategy;
- (12) reviewing the selection criteria and procedures of directors and senior management personnel (such as the president of the Bank), and making recommendations to the Board of Directors;
- (13) seeking extensively for candidates that are qualified to act as directors and senior management personnel (such as the president of the Bank), selecting such nominated personnel to serve as directors or the president of the Bank, and making recommendations to the Board of Directors in this regard;
- (14) investigating the candidates for directors and senior management personnel (such as the president of the Bank), and making recommendations;
- (15) reviewing the proposals submitted by the president in relation to the appointment or dismissal of the senior management members, such as the Bank’s vice presidents, assistants to the president and finance officers, and making recommendations to the Board of Directors;
- (16) assessing the independence of independent directors;
- (17) making recommendations to the Board of Directors on the appointment or re-appointment of directors of the Bank and succession planning for directors, in particular the chairman, and the president of the Bank;
- (18) formulating and when appropriate, reviewing diversification policy of the Board of Directors;

- (19) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules (the relevant share schemes are also subject to the approval at the general meeting and other relevant requirements under Chapter 17 of the Hong Kong Listing Rules);
- (20) approving matters in relation to the grant of share options or share awards (as defined in the Hong Kong Listing Rules) to directors, Supervisors and/or senior management (the relevant share schemes are also subject to the approval at the general meeting and other relevant requirements under Chapter 17 of the Hong Kong Listing Rules);
- (21) considering and approving the changes and amendments to any terms of the grant of share options or share awards to Directors, Supervisors and/or senior management;
- (22) other responsibilities that should be discharged by the Nomination and Remuneration Committee of the Board of Directors as required by the Hong Kong Listing Rules;
- (23) other powers of the Nomination and Remuneration Committee as authorized by the Board of Directors.

Article 11 The functional department of the Bank relating to matters to be considered and reviewed at the meeting of the Nomination and Remuneration Committee shall prepare documents for meetings such as resolutions proposed for review and approval and related background within a prescribed time. Personnel and functional departments related to the Bank should accept questions in respect of the matters in these terms of reference raised by the Nomination and Remuneration Committee and accomplish such special work passed to them.

CHAPTER 4 WORK PROCEDURES

Article 12 The Nomination and Remuneration Committee shall be given resources sufficient to discharge its duties.

Article 13 The office of the Board of Directors shall prepare materials for the Nomination and Remuneration Committee meeting as requested by and be submitted to the Nomination and Remuneration Committee for consideration.

Article 14 The Nomination and Remuneration Committee convenes meetings based on the relevant information provided by the office of the Board of Directors, which shall then be discussed, decided on or proposed for submission to the Board of Directors or be decided on within the scope of authorization of the Board of Directors.

CHAPTER 5 RULES FOR PROCEDURES

Article 15 Meetings of the Nomination and Remuneration Committee shall be convened at least once every year when proposed by the chairman or over half of the members. Notices of meeting shall be lodged with all the members before convening of the meetings.

Article 16 Members of the Nomination and Remuneration Committee shall discharge duties conscientiously and attend meetings and activities of the Committee. Members of the Nomination and Remuneration Committee shall attend the Committee meetings in person. If he/she cannot attend the meeting, he/she shall authorize other Committee member as proxy with written proxy.

The proxy form shall specify the names of the proxy, matters in respect of which the proxy is appointed, scope of authorization and the validity period, and be signed by the appointor.

The committee member attending the meeting as a proxy shall exercise its rights within the scope of authorization. Members who do not attend such meeting and do not authorize other members to attend such meeting as his or her proxy, will be deemed to abstain from voting on such meeting.

Article 17 The quorum of a meeting of Nomination and Remuneration Committee is two third of members of the Committee. Voting at meetings of the Nomination and Remuneration Committee shall be by hand or by poll. Each member shall have one vote. A resolution shall be passed if approved by more than half of the total number of the Committee members.

Article 18 If meetings of the Nomination and Remuneration Committee are held in the form of an on-site meeting, teleconference, videoconference or other forms of instantaneous communication may be adopted for the convenience of the committee members attending such meetings. Committee members attending such meetings by the aforementioned means shall be deemed to have attended the on-site meeting. Meetings of the Nomination and Remuneration Committee can also be convened by way of circulation of written proposal.

Article 19 The Nomination and Remuneration Committee may engage intermediary or other professionals for their professional advice on the decisions with reasonable charges to be borne by the Bank.

Article 20 The Nomination and Remuneration Committee shall keep minutes of meeting. Members present at the meeting and the note-taker shall sign the minutes. The drafts and final versions of the minutes shall be delivered to all members of the Nomination and Remuneration Committee within a reasonable period after the meeting. The drafts of minutes are for all members' comments and the final minutes are for record. The minutes of meeting, being records of the Bank, shall be kept by the office of the Board of Directors. The minutes shall be available for inspection within a reasonable period by the members of the Committee if any of them has given reasonable notice.

Minutes of the Nomination and Remuneration Committee meetings shall include the following:

- (1) the date and place of the meeting;
- (2) the names of members attending the meeting;
- (3) the agenda of the meeting;
- (4) the summaries of members' speeches (including any doubt raised or disagreement expressed by the members);
- (5) the results of the voting for each resolution;
- (6) other material matters.

Article 21 The convening procedures, voting method or resolutions passed at a meeting must be in compliance with the requirements of the relevant laws, regulations, the Hong Kong Listing Rules, the Articles of the Bank and these Rules of Procedure.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 22 Any matters that are not covered herein or if any of these Rules of Procedure conflicts with any laws, administrative regulations, departmental rules promulgated subsequently, or the requirements of the regulatory authority governing securities at the place where the shares of the Bank are listed, the Hong Kong Listing Rules and the Articles of the Bank duly amended thereafter, it shall be handled in accordance with relevant laws, administrative regulations, departmental rules, the requirements of the regulatory authority governing the securities at the place where the shares of the Bank are listed, the Hong Kong Listing Rules and the Articles of the Bank.

Article 23 Unless otherwise specified, the terms used herein shall have the same meanings as those in the Articles of the Bank.

Article 24 The Board shall have the right to interpret these Rules of Procedure.

Article 25 These Rules of Procedure shall become effective from the date on which the Rules are considered and approved by the Board of Directors.