



(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))

(Stock Code: 03958)

TERMS OF REFERENCE OF THE REMUNERATION AND NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS

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 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, the Administrative Measures for Independent Directors of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange 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 other directors, and 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.

Article 5 The members of the Remuneration and Nomination Committee shall be 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 non-executive 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 Board in accordance to the Articles 4 to 6 above.

Article 8 Based on their respective functions, the Board office, the human resources management department and other relevant departments of the Company shall 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, work liaison, meeting organization, drafting resolutions of meetings of the Remuneration and Nomination Committee, file management and follow-up on implementation of meeting resolutions.

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) responsible for formulating criteria and procedures for selection of directors and senior management, identifying qualified candidates for directors and senior management, selecting the candidates for directors and senior management and reviewing their qualifications, and advising the Board on the nomination, appointment or dismissal of directors, appointment or dismissal of senior management and other matters prescribed by laws, administrative regulations, requirements of the CSRC, the listing rules of the places where the Company's shares are listed, and the Articles of Association;
- (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 non-executive 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. Formulating evaluation standards for directors and senior management and conducting evaluations, formulating and reviewing remuneration policies and plans for directors and senior management, and advising the Board on the following matters:
 1. the overall remuneration policy and structure for directors and senior management, and the formulation of remuneration policy with respect to the establishment of a formal and transparent procedure;
 2. formulation or change of equity incentive plans and employee share ownership plans, granting of interests to incentive targets and fulfillment of conditions for exercising such interests;
 3. arranging share ownership plans for directors and senior management in subsidiaries to be spun off;
 4. reviewing and approving the management's remuneration package in view of the corporate policy and objectives set by the Board;
 5. advising the Board on the remuneration packages of the executive directors and senior management. Such remuneration packages include non-pecuniary benefits, pension entitlement and compensation (including compensation for loss or termination of office or appointment);
 6. advising the Board on the remuneration of each non-executive director;
 7. other matters prescribed by laws, administrative regulations, requirements of the CSRC and the Articles of Association;
- (6) considering the remuneration package, time commitment, scope of responsibility of similar companies and other employment terms of other positions within the Group;
- (7) 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;
- (8) 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;

- (9) ensuring that no director or his associate (as defined in the Hong Kong Listing Rules) is involved in the determination of his remuneration;
- (10) reviewing the execution of the remuneration and appraisal system of the directors and senior management;
- (11) reviewing/and approving matters in relation to the share schemes as set out in Chapter 17 of the Hong Kong Listing Rules; and
- (12) other duties as determined by the Board and as required by the listing rules or regulatory rules of the places where the Company's shares are listed.

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 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 senior management shall be submitted the recommendation of director candidates to the Board of directors for consideration and decision.

CHAPTER 4 PROCEEDINGS AND RULES OF PROCEDURES

Article 11 The meetings of the Remuneration and Nomination Committee shall be held on-site in principle, and if necessary, they may be held by videoconference, teleconference or other means in accordance with relevant procedures, provided that all the attending members are able to fully communicate with each other and express their opinions.

Article 12 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. If a member is unable to attend the meeting in person for any reason, he or she should review the meeting materials in advance, form a clear opinion, and appoint another member in writing to attend the meeting on his or her behalf.

Article 13 Meetings of the Remuneration and Nomination Committee may only be convened with the presence of more than two-thirds 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 14 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 15 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 16 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 17 The Remuneration and Nomination Committee shall form resolutions and keep minutes for its meetings, and the opinion of the independent directors shall be recorded in the minutes. 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. Minutes of committee meeting 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. 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 18 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 5 SUPPLEMENTARY PROVISIONS

Article 19 The power to interpret these Terms of Reference shall be vested in the Board.

Article 20 This Terms of Reference shall come into effect upon approval by the Board. The original Terms of Reference will lapse automatically once these Terms of Reference come into effect.

Article 21 Any matters not covered in the Terms of Reference or in conflict with the provisions of laws, regulations, normative documents, the listing rules of the places where the Company's shares are listed or the Articles of Association promulgated or amended after the effective date of the Terms of Reference shall follow such provisions of relevant laws, regulations and normative documents of China, the listing rules of the places where the Company's shares are listed or the Articles of Association.