

# Harbin Bank Co., Ltd.

## Terms of Reference of the Nomination and Compensation Evaluation Committee of the Board

### Chapter One General Provisions

**Article 1** In order to establish and perfect the management system for nomination, remuneration and assessment of directors and senior management personnel of Harbin Bank Co., Ltd. (hereinafter referred to as “Company”), to strengthen the strategy-making ability of the Board of Directors, and to further perfect the governance structure of the Company, according to the laws and regulations such as the Company Law of the People’s Republic of China, the Law of the People’s Republic of China on Commercial Banks, Guidelines on Corporate Governance of Commercial Bank, etc., as well as relevant rules in Articles of Association of Harbin Bank Co., Ltd. (hereinafter referred to as the “Company’s Articles”) and listing rules of Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Listing Rules”), the Nomination and Compensation Evaluation Committee of the Board (hereinafter referred to as the “Committee”) is hereby established by the Company as well as this Working Rules.

**Article 2** The Committee is a special working agency under the Board.

Senior management personnel mentioned in the Working Rules refers to the President, the Vice President, the Assistant to the President, the Chief Financial Officer, the Secretary of the Board and other personnel determined by the Board.

### Chapter Two Committee Members

**Article 3** The Committee consists of at least three (3) members, and the majority of the Committee shall be independent non-executive directors<sup>1</sup>. At least one-third (1/3) of the members in the Committee should be professional in finance field, and the chairman of the Committee must be an independent non-executive director. The Committee shall maintain one (1) secretary for daily work contact and preparation of Committee meetings. A.5.1

**Article 4** The members of the Committee shall be nominated by the Chairman of the Board and be elected by the Board. Directors nominated by controlling shareholders of the Company shall not act as the members of the Committee.

**Article 5** The Committee shall consist one (1) chairman, who shall be elected by the entire Committee members from Committee members who are independent non-executive directors<sup>2</sup>. The chairman of the Committee shall convene and preside the work of the Committee.

**Article 6** The term of office of members of the Committee is consistent with the one of the Board. After expiration of such term of office, a member of the Committee may serve for another term if re-elected. During the term of office, the qualification of a member of the Committee shall be terminated automatically if such member no longer acts as the director of the Company or loses the independence as stipulated in the Company’s Articles which he/she should have possessed, and the Board shall fill the vacancy according to Article 3 to Article 5 above.

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<sup>1</sup> Code provision A.5.1 of Appendix 14 to the Listing Rules

<sup>2</sup> Code provision A.5.1 of Appendix 14 to the Listing Rules and Rule 3.25 of the Listing Rules

## Chapter Three Duties

### Article 7 Major duties of the Committee<sup>3</sup>:

#### (I) Nomination:

- (1) Reviewing, at least once a year, the structure, scale, and composition of the Board (including skills, knowledge and experience), and raising proposals about any changes proposed to be made to the Board in coordination with the Company strategy; A.5.2(a)
- (2) Drafting conditions and standard of service as well as selection procedures for the directors and the senior management personnel.
- (3) Seeking for persons qualified to act as a director, selecting and nominating relevant persons as the directors or providing suggestions to the Board therefor; A.5.2(b)
- (4) Raising proposals to the Board for qualifications and conditions of service of the senior management personnel;
- (5) Evaluating the independence of independent directors; A.5.2(c)
- (6) Raising proposals to the Board for plans of appointment or reappointment of directors as well as continuation of directors (especially the Chairman and the President); A.5.2(d)
- (7) Formulating policies relating to diversity of the Directors of the Board, and disclosing the policies or the summary of such policies in the corporate governance report of the Company; A.5.6

#### (II) Compensation evaluation:

- (1) Drafting and implementing the entire remuneration policies and the structure for the directors and the senior management personnel of the Company, and raising proposals to the Board for formulation of formal and transparent remuneration policies; B.1.2(a)
- (2) Reviewing and approving the proposal of remuneration of the management team in accordance with the corporation guidelines and objectives established by the Board; B.1.2(b)
- (3) Determining the remuneration and benefits of individual executive directors and senior management personnel according to the authorisation of the Board, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment); B.1.2(c)
- (4) Considering remuneration paid by other similar companies in the same industry, time and duties to be paid as well as employment conditions of other positions of the Company; B.1.2(e)
- (5) Raising proposals to the Board for remuneration of non-executive directors; B.1.2(d)

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<sup>3</sup> Code provision A.5.2 and B.1.2 of Appendix 14 to the Listing Rules

- (6) Reviewing and approving compensations to be paid to the executive directors and the senior management personnel for their loss or termination of service or due to their appointments, so as to ensure the consistency of such compensation with the contract; if such consistency cannot be managed, the compensation made thereto shall be fair, reasonable and not excessive; B.1.2(f)
- (7) Reviewing and approving compensation arrangements in relation to dismissal or removal of relevant directors due to misconduct thereof, so as to ensure the consistency of such compensation with the contract; if such consistency cannot be managed, relevant compensation shall also be fair and reasonable. B.1.2(g)
- (8) Making sure no director or any other connected party is involved in determination of his/her own remuneration; B.1.2(h)
- (9) Drafting and implementing measures and plans for remuneration and incentives of the senior management personnel of the Company;
- (10) Drafting the performance evaluation standard for the senior management personnel of the Company, conducting evaluation and reporting the results thereof to the Board;
- (11) Assessing the amount to be allocated as annual incentive remuneration of the senior management personnel, the operational management personnel and employees of the Company;
- (12) Other matters authorised by the Board to the Committee.

**Article 8** The Committee shall make sure that if the Board plans to propose resolutions in shareholders' general meetings for the election of a person as the independent non-executive director, the shareholders' circular and/or explanatory statement accompanying the notice of such meeting shall list the grounds of the Board to consider such person and reasons of the Committee to recognise the independence of such person. A.5.5

**Article 9** The Committee reports to the Board.

**Article 10** The Committee shall consult the Chairman or the President of the Company for suggestions of remuneration of other executive directors. If necessary, the Committee may seek for independent and professional opinions.<sup>4</sup> B.1.1

**Article 11** The Company shall ensure sufficient resources for the Committee to perform its duties.

**Article 12** The Board Office shall, together with relevant departments, prepare for Committee meetings, and provide associated materials of the Company according to the procedures stipulated in laws, regulations, the Company's Articles and the Listing Rules, including but not limited to:

- (I) Materials associated with the profession, educational degree, title, detailed work experience, all part-time experience, etc. of candidates of the directors and the senior management personnel of the Company;
- (II) Materials associated with implementation and reports of the current remuneration system of the Company;

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<sup>4</sup> Code provision B.1.1 of Appendix 14 to the Listing Rules

- (III) Analysis and demonstration materials in respect of the strategy, structure and elements of remuneration as well as business environment, etc. of the Company;
- (IV) Material associated with the performance evaluation and assessment of the senior management personnel of the Company;
- (V) Other relevant matters.

#### **Article Four Rules of Procedures**

**Article 13** The Committee shall convene at least two (2) meetings every year, and notify the entire members of the Committee three (3) days in advance; however, such notice period may be waived with unanimous consent of the entire members. The notice may be given in the form of writing, fax or mail. The meeting shall be presided by the chairman of the Committee, who shall delegate other members of the Committees for presiding the meeting on his/her behalf if unavailable.

**Article 14** Notice on meetings of the Committee shall include the following:

- (I) Time and location;
- (II) Duration;
- (III) Matters and topics;
- (IV) Date of notice; and
- (V) Materials associated with topics of the meeting.

**Article 15** The Committee meeting shall not be held without the presence of more than half (1/2) of the members; each member shall have one vote; resolutions of the meeting shall be approved by a majority vote by the entire members.

**Article 16** The Committee shall make decisions by voting; voting in the meeting may be held by voting on-site or voting in communication manners.

**Article 17** If necessary, the Committee may require other directors, supervisors, the senior management personnel, external experts and responsible persons of relevant departments to attend the meeting.

**Article 18** If necessary, the Committee may hire intermediary institutions to provide professional suggestions for its decisions, with the costs to be borne by the Company.

**Article 19** The convening procedures, voting methods and resolutions of the meeting of the Committee must abide by relevant laws, regulations, Listing Rules, the Company's Articles and the stipulations in the Working Rules.

**Article 20** The Committee shall maintain written minutes of the meeting and members presenting the meeting shall leave signature on the minutes. For meetings convened in communication methods, the opinions of the member shall be recorded or the member shall transmit his/her opinions to the recorder by mail. Minutes of the meeting shall be kept by the Board Office of the Company.

**Article 21** Programs approved by the Committee, as well as resolutions and minutes thereof shall be reported to the Board regularly.

**Article 22** Those members attending the meeting and those invited to sit in shall keep issues discussed therein confidential, and shall not disclose relevant information without authorisation.

### **Chapter Five Avoidance System**

**Article 23** If any member of the Committee or his/her immediate family members directly or indirectly have interests with the topic discussed in the meeting, such member of the Committee shall disclose the nature and extent of such interests to the Committee as soon as possible.

Immediate family members as mentioned in this Article refer to spouse, children, parents, paternal grandparents, maternal grandparents, siblings.

**Article 24** In event of any circumstances stated in the previous article, the interested member shall describe relevant situations in detail and expressly abstain voting. However, if other members of the Committee, with consensus reached through discussion, think that such interests will not exert significant influence on the voting matters, the interested member of the Committee may vote.

If the Board of the Company thinks of the voting of such interested member as inappropriate, it may revoke the voting results and require re-voting by disinterested members on the same proposal.

**Article 25** The Committee shall, without including interested member into the quorum, review and resolve the proposal. Where the minimum quorum of the Committee meeting is absent after avoidance of interested members, the entire members (including the interested member) shall resolve on procedural matters of submitting the proposal to the Board for review, etc., and such proposal shall be reviewed by the Board of the Company.

**Article 26** Any exclusion of the interested member of the Committee from quorum or voting of the meeting shall be recorded in the minutes and the resolution thereof.

### **Chapter Six Additional Rules**

**Article 27** The Working Rules shall become effective after approval of the Board. The former Working Rules of the Committee of the Board shall become invalid automatically after effect hereof.

**Article 28** The functions of this Committee shall be disclosed on the websites of the Stock Exchange of Hong Kong Limited and of the Company for the interpretation of its role as well as the powers granted by the Board.

**Article 29** Issues left uncovered by the Working Rules shall be executed in accordance with relevant laws, regulations, the Company's Articles and the Listing Rules; in case of any conflicts between the Working Rules and future laws, regulations, Articles of the Company as modified with legal procedures, or the Listing Rules, relevant national laws, regulations, Article of the Company or Listing Rules shall prevail, and the Working Rules shall be amended forthwith and submitted to the Board for approval.

**Article 30** The Board of the Company reserves all the right of interpretation of the Working Rules.