

# Everbright Securities Company Limited

## Rules of Procedure of the Remuneration, Nomination and Credentials Committee

### CHAPTER 1 GENERAL PROVISIONS

**Article 1** For the purpose of ensuring the continuous, regulated and healthy development of the Company, regulating the directors' and officers' appointment and dismissal procedures, optimizing directors' and officers' composition and structure, further establishing and improving the remuneration management rules for the directors (non-independent directors) and officers of the Company and perfecting the corporate governance of the Company, the Company establishes the Remuneration, Nomination and Credentials Committee under the Board of Directors and formulates these Rules in accordance with the *Company Law of the People's Republic of China*, the *Governance Standards of Securities Companies*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, the *Articles of Association of Everbright Securities Company Limited* (hereinafter referred to as the “**Articles of Association**”) and other applicable laws and regulations.

**Article 2** The Remuneration, Nomination and Credentials Committee is a dedicated working organization established by the Board of Directors, which shall be responsible for drawing up selection standards and procedures of directors and officers, selecting and reviewing the candidates for directors and officers and their qualifications, formulating the appraisal standards for directors and officers and appraising them, and formulating and examining the remuneration policies and proposals for directors and officers.

Unless otherwise passed or specially authorized by the Board of Directors, no resolution reached by the Remuneration, Nomination and Credentials Committee may have any effect on the Company.

## **CHAPTER 2 COMPOSITION**

**Article 3** The Remuneration, Nomination and Credentials Committee shall be composed of at least three directors, among whom more than a half shall be the independent directors.

**Article 4** The members of the Remuneration, Nomination and Credentials Committee shall be appointed by the Board of Directors.

**Article 5** The Remuneration, Nomination and Credentials Committee shall have one member as the convener, who shall be responsible for presiding over the work of the committee; and the convener of the committee shall be an independent director, who shall be elected from the committee's independent director members and submitted to the Board of Directors for approval.

**Article 6** The term of office of each member of the Remuneration, Nomination and Credentials Committee shall be the same as that of the directors. Each member may serve a consecutive term upon re-election after the expiry of his/her term of office. If any member ceases to be a director of the Company during his/her term of office, he/she will automatically lose his/her qualification as a committee member and the Board of Directors shall fill the vacancy in accordance with the provision of Articles 3 to 5 above.

**Article 7** The Board Office will coordinate with various departments of the Company to handle the daily contacts, meeting organization, preparation of meeting documents, and meeting minutes for the Remuneration, Nomination and Credentials Committee.

## **CHAPTER 3 DUTIES AND AUTHORITIES**

**Article 8** The Remuneration, Nomination and Credentials Committee shall be responsible for drawing up selection standards and procedures of directors and officers, selecting and reviewing the candidates for directors and officers and their qualifications, formulating the appraisal standards for directors and officers and appraising them, and formulating and examining the remuneration policies and proposals for directors and officers, and making recommendations to the Board of Directors on the following matters:

- (I) Nomination, appointment and dismissal of directors;
- (II) Appointment or dismissal of officers;
- (III) Remuneration of directors and officers;

- (IV) Formulating or amending equity incentive schemes and employee stock ownership plans, and determining the conditions for the grant of interests to and the exercise of rights by incentive recipients;
- (V) Arranging stock ownership plans for directors and officers in subsidiaries to be spun off;
- (VI) Other matters as stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission, listing rules of the place where the shares are listed, provisions of the Articles of Association, and as authorized by the Board of Directors.

In addition to the above, the Remuneration, Nomination and Credentials Committee shall perform the following duties:

- (I) Formulating remuneration plans or schemes based on the primary scope, duties and importance of the directors and officers, as well as the remuneration levels of comparable positions in other relevant enterprises. The remuneration plans or schemes shall mainly include, but are not limited to, performance appraisal standards, procedures, and main appraisal system, as well as the main plan and systems for rewards and punishments;
- (II) Reviewing the performance of duties by the Company's directors and officers and conducting annual performance appraisal on them;
- (III) Supervising the implementation of the remuneration system of the Company;
- (IV) Examining and giving opinions to the Board of Directors at least once a year regarding the structure, size and composition of the Board of Directors (including those related to skills, knowledge and experience) based on the operation activities, assets scale and equity structure of the Company;
- (V) Other matters as stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission, listing rules of the place where the shares are listed, provisions of the Articles of Association, and as authorized by the Board of Directors.

**Article 9** The Remuneration, Nomination and Credentials Committee shall be accountable to the Board of Directors, and its proposals shall be submitted to the Board of Directors for examination and decision; and the controlling shareholder shall fully respect the recommendations and nominations made by the committee and shall not intervene with its work.

## **CHAPTER 4 RULES OF PROCEDURE**

**Article 10** The meetings of the Remuneration, Nomination and Credentials Committee shall be convened by the convener and all the members shall be notified seven days in advance; and the meetings shall be presided over by the convener or, if the convener is not able to be present, another member authorized by the convener.

**Article 11** No meeting of the Remuneration, Nomination and Credentials Committee may be held unless and until more than two-thirds of members attend the meeting; each member has one vote; and the resolutions reached by the meeting shall be passed by more than a half of the members.

Show of hands or by poll may be adopted for the meetings of the Remuneration, Nomination and Credentials Committee; and the interim meeting may be held by telecommunication means.

**Article 12** If it deems necessary, the Remuneration, Nomination and Credentials Committee may invite the directors, supervisors and other officers of the Company to attend the meetings as non-voting members.

**Article 13** If necessary, the Remuneration, Nomination and Credentials Committee may engage agents to provide professional opinions for its decisions at the cost of the Company.

**Article 14** The convening procedures, voting methods and resolutions passed at the meetings of the Remuneration, Nomination and Credentials Committee shall comply with the requirements of applicable laws and regulations, the Articles of Association and these Rules.

**Article 15** The meeting minutes of the Remuneration, Nomination and Credentials Committee shall be signed by the members present at the meetings; and the meeting minutes shall be kept by the Secretary of the Board of Directors.

**Article 16** The resolutions passed and voting results adopted at the meetings of the Remuneration, Nomination and Credentials Committee shall be reported to the Board of Directors in writing.

**Article 17** All the members of the Remuneration, Nomination and Credentials Committee shall keep the matters discussed at the meetings confidential and not disclose confidential information without authorization.

## **CHAPTER 5 ARCHIVAL PRESERVATION**

**Article 18** The meeting archives shall include meeting notices and materials, power of attorney for members attending meetings on behalf of others, meeting minutes signed and confirmed by the attending members and resolutions, etc.

**Article 19** The meeting archives shall be kept by the Secretary of the Board of Directors. The retention period for the archives shall be 15 years.

## **CHAPTER 6    SUPPLEMENTARY PROVISIONS**

**Article 20** These Rules shall be implemented from the date when the same is passed by the Board of Directors through resolution.

**Article 21** Matters not mentioned herein shall be implemented in accordance with the provisions of the relevant laws and regulations of China, the rules of the securities regulatory authority at the place where the stocks of the Company are listed and the Articles of Association; and in case of any conflict between these Rules and the future laws and regulations of China, or the future rules of the securities regulatory authority at the place where the stocks of the Company are listed or the Articles of Association as amended by legal procedures, the relevant laws and regulations of China, the rules of the securities regulatory authority at the place where the stocks of the Company are listed and the Articles of Association shall prevail.

**Article 22** These Rules are to be interpreted by the Board of Directors. In case of any discrepancies between the Chinese version of these Rules and their English translation, the Chinese version shall prevail.