

Bank of Gansu Co., Ltd.

Terms of Reference of the Nomination and Remuneration Committee of the Board of Directors

Chapter I General

Article 1 In order to regulate the process for generating the Directors, the President and other senior management officers of Bank of Gansu Co., Ltd. (the “Bank”), optimize the remuneration system for the Directors, the Supervisors, the President and other senior management officers of the Bank, and refine the corporate governance structure of the Bank, these terms are hereby formulated in accordance with the Company Law of the PRC, the Guidelines on Corporate Governance of Commercial Banks, the Guidelines on Due Diligence for the Board of Directors of Joint Stock Commercial Banks, the Articles of Association of Bank of Gansu Co., Ltd. (the “Articles”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other relevant laws and regulations.

Article 2 The Nomination and Remuneration Committee of the Board of Directors is a specialized working body established in accordance with relevant regulations and based on the Bank’s needs, responsible for the formulation of selection procedures and standards for the Bank’s Directors, the President and other senior management officers, preliminary review of qualifications and conditions for such roles, formulation of respective remuneration plans, and drafting of nomination plans and recommendation of remuneration plans to the Board of Directors.

Article 3 Other senior management officers mentioned above refer to Vice Presidents, Secretary of the Board of Directors and heads of financial and internal audit function that should be engaged by the Board and have obtained respective qualifications from regulatory bodies for the banking industry.

Article 4 The Nomination and Remuneration Committee of the Board of Directors is accountable to the Board and fulfills its duties upon authorization of the Board. The Bank should provide sufficient resources for the Nomination and Remuneration Committee of the Board of Directors to fulfill its duties. If necessary, the Committee can engage intermediary agencies to provide professional opinions for decision-making, and the expenses incurred will be borne by the Bank.

Article 5 The Nomination and Remuneration Committee of the Board of Directors sets an office (acted concurrently by the Human Resources Department of the Bank) for managing daily affairs of the Nomination and Remuneration Committee of the Board of Directors. Major responsibilities of the office include daily contact within the Committee; meeting preparations of the Committee, including preparation of meeting notice, preparation of meeting materials, production and execution of minutes and resolutions for meetings; preservation of meeting files of the Committee and other work assigned by the Committee.

Chapter II Composition and Term of Office

Article 6 The Nomination and Remuneration Committee comprises three or more Directors.

Article 7 The Nomination and Remuneration Committee shall have a chairman to take charge of the work of the Committee. The chairman shall be nominated by the Chairman of the Board of Directors and elected by the Board of Directors. The role of chairman shall be undertaken by an independent non-executive Director, and the majority of the members shall be independent non-executive Directors.

Article 8 Members of the Nomination and Remuneration Committee shall be nominated by the Chairman of the Board of Directors and elected by the Board of Directors. Removal of members of the Nomination and Remuneration Committee shall be determined by the Board of Directors.

Article 9 The term of office of the Nomination and Remuneration Committee shall be identical with that of the Board of Directors, and members of the Committee may be re-elected and re-appointed upon expiration of their terms of office. If any member ceases to be a Director of the Bank during his/her term of office or any member who shall have been qualified as an independent non-executive Director no longer possesses the independence as required by the Articles, he/she shall automatically be disqualified as a member. The Board of Directors shall fill the vacancy according to the preceding Articles 6 to 8. The term of office of the replacing member shall be identical with that of his/her term as a Director or an independent non-executive Director.

Chapter III Responsibilities and Authorization

Article 10 The principal responsibilities and authorities of the Nomination and Remuneration Committee include:

Responsibilities and authorities with respect to nomination:

- (I) to review the structure, number of members and composition (including skills, knowledge and experience) of the Board of Directors and the management at least annually based on the business operations, asset scale and shareholding structure of the Bank, and make recommendations to the Board of Directors on any intended change to the Board to complement the strategy of the Bank;
- (II) to formulate procedures and standards for selecting Directors, the President and other senior management officers of the Bank and make recommendations to the Board of Directors in respect thereof;
- (III) to identify individuals suitably qualified as candidates for Directors, conduct preliminary review of the qualifications and conditions of the candidates for Directors (especially the Chairman and the President) and other senior management officers, and provide comments on the review;
- (IV) to assess the independence of independent non-executive Directors;

- (V) to make recommendations to the Board of Directors on the appointment or re-appointment of Directors and the succession plan of Directors (especially the Chairman of the Board of Directors and the President);
- (VI) to develop and, where appropriate, review the policy concerning diversity of the members of the Board of Directors and disclose the concerning diversity policies or their abstracts and disclose Director Nomination policy in the annual reports annually.
- (VII) other matters required by relevant laws, administrative regulations and the Hong Kong Listing Rules, and authorized by the Board of Directors.

Responsibilities and authorities with respect to remuneration:

- (I) to make recommendations to the Board of Directors on the remuneration policy and structure of all the Directors, Supervisors, the President and other senior management officers, and on setting up a formal and transparent process for stipulating remuneration policy, and supervise the implementation of the plan;
- (II) to review and approve the remuneration proposals of the management with reference to the corporate targets and objectives set by the Board of Directors;
- (III) to make recommendation to the Board of Directors on the remuneration of certain individual executive Director and senior management officers (including non-monetary benefit, pension rights and indemnification amount (including indemnification for losing or termination of the role or appointment));
- (IV) to make recommendation to the Board of Directors on the remuneration of non-executive Directors;
- (V) to take into account the remuneration offered by companies of similar nature, time commitment and responsibilities and the employment conditions for other positions of the Bank;
- (VI) to review and approve the compensation payable to executive Directors and senior management officers for any loss or termination of office or appointment to ensure that the compensation is in compliance with contractual terms. In the event of any inconsistency with contractual terms, the compensation shall also be fair and reasonable and not excessive;
- (VII) to review and approve the compensation arrangement for dismissal or removal of Directors for misconduct to ensure that it is in compliance with the contractual terms. In the event of any inconsistency with contractual terms, the compensation shall also be reasonable and appropriate;
- (VIII) to review the performance of duties by Directors and the senior management officers and to carry out an annual appraisal for them;
- (IX) to ensure that no Directors or any of their associates (as defined in the Hong Kong Listing Rules) participate in determining their own remuneration; and

- (X) other matters required by relevant laws, administrative regulations and the Hong Kong Listing Rules, and authorized by the Board of Directors.

Article 11 The chairman (or another member in absence of the chairman, or properly appointed representative in absence of such member) of the Nomination and Remuneration Committee should attend annual general meeting, and answer any question regarding the work and duties of the Nomination and Remuneration Committee.

Article 12 The Nomination and Remuneration Committee should pay attention to whether the Directors are consistently qualified for their roles or not. If any Director loses the qualification during the term of office, the removal should be recommended to the Board of Directors and the resolution should be submitted to the general meeting by the Board of Directors for consideration.

Chapter IV Decision-making Procedures

Article 13 The Office of Nomination and Remuneration Committee shall be responsible for the preliminary preparation for decision-making by the Nomination and Remuneration Committee and the provision of following information on decision-making:

- (I) fulfillment of major financial indicators and operation objectives;
- (II) fulfillment of indicators for performance appraisal within duties and responsibilities of Directors, the President and other senior management officers;
- (III) basis for the projection on the proposed remuneration distribution plans and methods formulated according to the operating results of the Bank; and
- (IV) other relevant materials.

Article 14 Performance appraisal process for the Directors, the President and other senior management officers is set out as follows:

- (I) the Directors, the President and other senior management officers shall report to the Nomination and Remuneration Committee of the Board of Directors and provide self-assessments;
- (II) the Nomination and Remuneration Committee shall carry out performance appraisal of Directors, the President and other senior management officers based on the standards and procedures of performance appraisal;
- (III) based on the evaluation results and remuneration distribution policies, the Nomination and Remuneration Committee shall vote over how well the Directors of the Bank fulfill their duties and annual performance appraisal results of the President and other senior management officers of the Bank, and propose the remuneration amount and rewarding method for the Chairman, Directors, the President and other senior management officers and submit the same to the Board of Directors for approval.

Article 15 The remuneration scheme or plan for the Bank's Directors proposed by the Nomination and Remuneration Committee should be submitted to the general meeting for approval, and the remuneration package for the President and other senior management officers shall be approved by the Board of Directors and implemented accordingly.

Article 16 The Nomination and Remuneration Committee should observe the following procedures and standards in selecting and engaging candidates for the Directors, the President and other senior management officers:

- (I) to proactively communicate with relevant departments of the Bank and study the demand for Directors, the President and other senior management officers of the Bank, and formulate written report;
- (II) to extensively recommend qualified candidates of Directors, the President and other senior management officers within the Bank, its affiliated enterprises, as well as from various sectors of the community;
- (III) to get information about the occupation, academic qualifications, post titles and detailed working experience of the candidates in the primary selection and present such information in writing;
- (IV) to seek for the consent of the nominee for his/her nomination. Otherwise, the nominee may not be nominated as a candidate for Directors, the President and other senior management officers;
- (V) to convene a committee meeting to review the qualification of the candidates in the primary selection based on the appointment criteria for Directors, the President and other senior management officers;
- (VI) to make recommendations and submit relevant information on the nominees of Directors and newly appointed President and other senior management officers to the Board of Directors within one to two months prior to the election of such Directors and appointment of such President and other senior management officers; and
- (VII) to carry out other follow-up works according to the decision of and feedback from the Board of Directors.

Chapter V Rules of Procedure

Article 18 Meetings of the Nomination and Remuneration Committee shall be held at least once a year. The notice of the meeting shall be sent to all members and other invited attendees three days before the meeting (excluding the date of the meeting) (or other time limit agreed by members of the Nomination and Remuneration Committee), together with the documents of the meeting. The meetings shall be chaired by the chairman of the Committee, and if he/she is unable to attend the meeting, he/she shall entrust another member in writing to preside over the meeting.

Article 19 The quorum of a meeting of the Nomination and Remuneration Committee shall be more than two thirds (inclusive) of the members. If a member is unable to attend the meeting for

any reason, he/she may appoint another member to attend on his/her behalf. The proxy form shall be in writing and shall specify the names of both delegating party and the proxy, entrusted matters, the scope of authorization by the delegating party, term, brief opinions on each proposal and instructions on voting intention for the proposals, and shall be signed by the delegating party and proxy.

Members attending the meetings on behalf of other members shall exercise the power of members within the scope of authorization. The proxy form should specify the scope of authorization.

Article 20 Any member of the Committee who fails to attend a meeting in person and fails to appoint another member to attend the meeting on his/her behalf shall be deemed absent from the meeting. Any member of the Nomination and Remuneration Committee who fails to attend meetings for two consecutive times shall be deemed unable to fulfill his/her duties. The Board of Directors may dismiss his/her role as the member.

Article 21 Each member shall have one vote. The voting methods include showing of hands or by open vote. Resolutions of the meeting shall be passed by more than half of all the members, and the resolutions and voting results shall be reported to the Board of Directors in writing for documentation.

Article 22 The Nomination and Remuneration Committee may invite Directors, Supervisors, the President or other senior management officers to attend its meeting. If a proposal in relation to a member of the Committee is considered at a meeting, the concerned member shall abstain from voting.

Article 23 The convening procedures, voting methods and the resolved resolutions of a meeting of the Nomination and Remuneration Committee shall comply with relevant laws, regulations, the Hong Kong Listing Rules and the Articles.

Article 24 The Nomination and Remuneration Committee shall keep minutes of its meetings and members present at the meetings shall sign on such minutes.

Minutes of the Nomination and Remuneration Committee meetings shall include:

- (I) the date and place of the meeting;
- (II) the names of members and proxies attending the meeting;
- (III) the names and status of attendees;
- (IV) the agenda of the meeting;
- (V) the summaries of members' speeches (including any doubt raised or disagreement expressed by the members);
- (VI) the voting results of all resolutions; and

(VII) other material matters.

The Nomination and Remuneration Committee shall keep minutes of its meetings and members present at the meetings shall sign on such minutes. Such minutes, resolutions and other documents shall be kept by the office of the Nomination and Remuneration Committee and filed at the end of the year.

Article 25 Members attending the meeting shall assume confidentiality obligations on matters considered at such meeting, and shall not disclose any relevant information without explicit authorization of the Board of Directors.

Chapter VI Miscellaneous

Article 26 In the event of any matter not covered by these terms or any conflict between these terms and the subsequently promulgated laws, regulations, departmental rules, requirements of the securities regulatory authorities of the place where the shares of the Bank are listed, the Hong Kong Listing Rules or the Articles amended pursuant to the legitimate procedures after the terms become effective, relevant national laws, regulations, departmental rules, requirements of securities regulatory authorities of the place where the shares of the Bank are listed, the Hong Kong Listing Rules and the Articles shall prevail.

Article 27 These terms are subject to the interpretation and revision by the Board of Directors.

Article 28 These terms are subject to the consideration and be implemented approval of the Board of Directors. The original Terms of Reference of the Nomination and Remuneration Committee of the Board of Directors of the Bank shall automatically lapse upon the effective date of these terms.