

# Guotai Junan Securities Co., Ltd.

## Working Rules of the Risk Control Committee of the Board of Directors<sup>1</sup>

### Chapter I General Provisions

**Rule 1** Guotai Junan Securities Co., Ltd. (the “Company”) has formulated these working rules pursuant to the Company Law of the People’s Republic of China (中華人民共和國公司法), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (香港聯合交易所有限公司證券上市規則), the Securities Law of the People’s Republic of China (中華人民共和國證券法), Regulation on the Supervision and Administration of Securities Companies (證券公司監督管理條例), the Corporate Governance Standards of Listed Companies (上市公司治理準則), the Corporate Governance Standards of Securities Companies (證券公司治理準則) and the Articles of Association of Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司章程) etc., in order to ensure that the risk control committee (the “Risk Control Committee” or the “Committee”) established under the Board of Directors exercise its powers in accordance with laws and regulations to enhance the structure of corporate governance and control various risks in an effective manner.

**Rule 2** The Risk Control Committee is a specialized committee established under and accountable to the Board of Directors.

### Chapter II Composition and Organisation Structure

**Rule 3** The Risk Control Committee shall comprise at least three (3) directors.

The Risk Control Committee shall have one (1) chairman. Candidates for the chairman and other committee members shall be nominated by the chairman of the Board of Directors and approved by the Board of Directors.

**Rule 4** Members of the Risk Control Committee shall be elected for a term of office equivalent to that of the directors.

Any member of the Risk Control Committee who ceases to be a member of the Board of Directors during his term of office shall automatically cease to be a member of the Risk Control Committee. The Board of Directors shall fill the vacancy according to this Rule 3 if the number of Committee members fails to meet the minimum number requirements.

**Rule 5** The Company shall designate the relevant department as the secretarial department to assume the functions of secretary of the Committee.

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<sup>1</sup> Note: this document has Chinese and English versions and the Chinese version shall prevail.

### Chapter III Functions and Duties

**Rule 6** The main functions and duties of the Risk Control Committee are as follows:

- (I) to review and suggest on the overall goals and basic policies for compliance management and risk management;
- (II) to review and suggest on the organization design and duties of compliance management and risks management;
- (III) to evaluate and suggest on the risks of important decisions and solutions to significant risks which require review by the Board of Directors;
- (IV) to review and suggest on the compliance reports and risk assessment reports which require review by the Board of Directors;
- (V) to be delegated by the Board of Directors to discuss the effectiveness of risk management and internal control systems of the Company and its subsidiaries at least annually, and to report to shareholders that it has done so in its Corporate Governance Report. The scopes of such discussion shall cover each and every key aspect of the control systems including the financial control system, operation control system and compliance control system, which specifically shall include:
  - (1) the changes in the nature and extent of significant risks, and the ability of the Company to respond to changes in its business and external environment since the discussion of last year;
  - (2) the scope and quality of management's ongoing monitoring of risks and of the internal control system, and where applicable, the work of its internal audit function and other assurance providers;
  - (3) the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the Company and the effectiveness of risk management;
  - (4) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and
  - (5) the effectiveness of the Company's procedures for financial reporting and compliance with Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- (VI) to review and provide recommendations on the management targets and overall requirements for business integrity; and
- (VII) to perform other functions and duties as authorized by the Board of Directors.

**Rule 7** The management of the Company shall fully support the work of the Risk Control Committee and provide relevant information to the Committee in time and consistently implement the views of the Committee.

**Rule 8** The Risk Control Committee may engage external organizations or professionals in the name of the Company to assist in the work or provide independent advices at the expense of the Company.

**Rule 9** The Risk Control Committee shall report regularly or irregularly to the Board of Directors on the performance of its work.

**Rule 10** The chairman of Committee shall perform the following duties:

- (1) to convene and preside over meetings of the Committee;
- (2) to supervise the daily work of the Committee;
- (3) to examine and sign reports and other important documents;
- (4) to report work to the Board of Directors on behalf of the Committee;
- (5) other duties that should be performed by the chairman.

When the chairman of the Committee is unable to perform his duties, he/she shall designate a member to act on his/her behalf.

#### **Chapter IV Meetings and Rules of Procedures**

**Rule 11** Meetings of the Risk Control Committee generally take the form of on-site meetings (including video or telephone conference) or by way of signing a written resolution.

**Rule 12** The Risk Control Committee holds at least one regular meeting every six months.

**Rule 13** An extraordinary meeting may be convened if necessary upon proposal by the chairman of the Committee.

**Rule 14** Notice of regular meetings in writing shall in principle be sent to all members of the Committee at least five (5) days before the date appointed for the meeting. Materials of the meeting together with agenda for the meeting shall be serviced to all members of the Committee for their review at least three (3) days before the date appointed for the meeting. The aforesaid advance notice period may be waived upon consents of two-thirds or more of the members.

**Rule 15** For an extraordinary meeting, a notice in writing or by telephone shall be given to all member three (3) days before the meeting, and materials of the meeting shall be serviced to all members of the Committee for their review one (1) days before the date appointed for the meeting. The aforesaid advance notice period may be waived upon consents of two-thirds or more of the members.

**Rule 16** A notice of meeting of the Committee shall include the following contents:

- (I) the date and venue of the meeting;
- (II) the duration of the meeting;
- (III) the reasons for and agenda of the meeting;
- (IV) the date of dispatch of the notice.

**Rule 17** A meeting of the Risk Control Committee shall be convened and presided over by the chairman of the Committee. When the chairman is unable convene and preside over the meeting by himself/herself, he/she may appoint another member to convene and preside over the meeting on his/her behalf. A meeting of the Risk Control Committee shall be held only by more than one half of the members and not less than three members shall be present at the meeting.

**Rule 18** If for any reasons any member of the Committee is unable to attend the meeting, he/she shall notify the office of the Board of Directors or the secretarial department in advance, or appoint in writing another member to attend the meeting.

**Rule 19** The topics and materials of a meeting of the Risk Control Committee shall be combined by the secretarial department. The chairman of the Committee may stipulate issues for discussion pursuant to which the secretary of the Committee shall organize and prepared the materials.

**Rule 20** The following persons shall attend the meetings of the Risk Control Committee:

- (1) the Chief Risk Officer and the Compliance Officer;
- (2) the person in charge of the Compliance Department;
- (3) the person in charge of the Risk Management Department;
- (4) other persons whom the chairman of the Risk Control Committee thinks should attend the meetings.

**Rule 21** Voting of the Committee shall be by a show of hands or other means as proposed by the presiding person. Each member shall have one (1) vote. A resolution proposed at a meeting shall be passed by more than half of all members present at the meeting. When an issue discussed at a meeting involves any member concerned, such member shall abstain from the meeting.

**Rule 22** The secretarial department shall be responsible for the minutes of Committee meetings, which shall include the following contents:

- (1) the date and venue of the meeting;
- (2) the number of members who should be present and the number of members who are actually present;
- (3) an explanation of the relevant procedures of the meeting and the validity of the resolutions of the meeting;
- (4) an explanation of the proposals examined and voted at the meeting and the results of the voting;
- (5) other matters that should be explained and recorded in the minutes of meeting.

**Rule 23** Members present at a meeting shall sign the minutes of meeting.

**Rule 24** The secretarial department shall, after the meeting, timely transfer to the office of the Board of Directors of the Company minutes of meetings of the Risk Control Committee and all meeting materials and relevant documents delivered to the members for unified and proper maintenance.

**Rule 25** Where the resolutions passed by the Risk Control Committee are required to be submitted to the Board of Directors for consideration, written resolutions will be prepared by the office of the Board of Directors and put on the agenda of meeting of the Board of Directors.

For resolutions that can be delivered directly for implementation based on these rules and the authorization of the Board of Directors, the Chief Risk Officer and the Compliance Officer shall notify the office of the Board of Directors about the resolutions or the matters to be implemented, and the office of Board of Directors shall distribute the same to the management.

The Chief Risk Officer and the Compliance Officer are responsible for overseeing the implementation of resolutions of the Risk Control Committee and reporting to the Committee on the relevant progress.

## **Chapter V Supplemental Provisions**

**Rule 26** Any matter which is not covered in these rules or in conflict with the laws, administrative regulations, other relevant regulatory documents and provisions of the listing rules of where the shares of the Company are listed promulgated from time to time, the laws, administrative regulations, other relevant regulatory documents and provisions of the listing rules of where the shares of the Company are listed shall prevail.

**Rule 27** Amendments to these rules shall be proposed by the Committee with effect from the date of approval of the Board of Directors. The Board of Directors shall be responsible for the interpretation of these rules.