Guotai Haitong Securities Co., Ltd.

Working Rules of the Audit Committee of the Board of Directors[1]

Chapter I General Provisions

Rule 1 Guotai Haitong 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 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), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (上海證券交易所股票上市規則), 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), Measures for the Administration of Independent Directors of Listed Companies (上市公司獨立董事管理辦法), the Guidelines No. 1 of the Shanghai Stock Exchange for the Self-regulation of Listed Companies – Standardized Operation (上海證券交易所上市公司自律監管指引第1號——規範運作) and other relevant laws and regulations, departmental rules, regulatory documents and listing rules of the place where the shares of the Company are listed (collectively, the "Relevant Rules") and the Articles of Association of Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司章程) (hereinafter referred to as the "Articles of Association"), and based on the actual circumstances of the Company, in order to safeguard the independent, disciplined and effective exercise of powers of the audit committee (the "Audit Committee" or the "Committee") established under the Board of Directors in accordance with laws and regulations to enhance the structure of corporate governance and ensure the work efficiency and scientific procedures of the Committee.

Rule 2 The Audit Committee is a specialized committee established under and accountable to the Board of Directors, and reports work thereto.

Chapter II Composition and Organisation Structure

Rule 3 The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and the majority of whom shall be independent Directors; subject to this Rule, employees' representatives among the Board of Directors may become Committee members. Candidates for Committee members shall be nominated by the chairman of the Board of Directors and approved by the Board of Directors. All Committee members shall have the professional knowledge and experience capable of performing the duties of the Audit Committee, and at least one independent member of the Committee shall be an accounting professional engaged in accounting for more than five years.

Rule 4 The Committee shall have one (1) chairman who shall be an independent Board member, responsible for presiding over the work of the Committee. The chairman shall be an accounting professional. Candidate for the chairman shall be nominated by the chairman of the Board of Directors and approved by the Board of Directors.

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[1] *Note: this document has Chinese and English versions and the Chinese version shall prevail.*

Rule 5 The term of office of Committee members shall be equivalent to that of the respective Directors. Any member who ceases to be a member of the Board of Directors during his/her term of office shall automatically cease to be a member of the Committee. If the number of Committee members fails to meet the minimum number requirements due to the resignation of a Committee member, or if the proportion of independent Directors in the Committee does not comply with the Relevant Rules, the Articles of Association or these Rules due to the resignation of an independent Director member, or if there is a lack of accounting professionals among independent Directors, the Board of Directors shall fill the vacancy according to Rule 3 of these Rules within sixty (60) days. The former members shall still perform their duties before the new members assume office.

Rule 6 Committee members shall continuously strengthen their learning and training in laws, accounting and regulatory policies, and constantly improve their ability to perform duties. The Company may formulate systematic training plans for Committee members.

Rule 7 The Company shall provide the Committee with necessary working conditions and sufficient resource support, and designate the relevant department as the secretarial department to assume the functions of the secretary of the Committee, who will be responsible for the day-to-day work of the Audit Committee, such as work liaison, meeting organization, materials preparation and archive management.

The management of the Company shall fully support the work of the Committee and provide the Audit Committee with necessary working conditions, ensuring timely provision of information to the Committee that is necessary for its discharge of duties in areas of operation, business status and other aspects of the Company. When the Committee performs its duties, the management and relevant departments shall offer cooperation. Directors and senior management shall truthfully provide relevant information and materials to the Committee, without hindering the Committee from exercising its powers, and ensure that the Committee's performance of duties is free from any interference.

The funds of the Audit Committee shall be covered by the budget of the Company. When performing its duties, the Audit Committee may engage professional parties such as lawyers, certified public accountants and practicing auditors to provide professional advice on its decision-making at the reasonable cost of the Company.

Chapter III Functions and Duties

Rule 8 The main functions and duties of the Audit Committee include:

(I) to supervise and evaluate external audit work;

(II) to supervise and evaluate internal audit system;

(III) to audit the Company's financial information and the disclosure thereof;

(IV) to supervise and evaluate the Company's internal control;

(V) to exercise the powers of the Supervisory Committee as stipulated in the Company Law; and

(VI) other matters authorized by the Relevant Rules, the Articles of Association and the Board of Directors.

Rule 9 The following matters shall be submitted to the Board of Directors for review after obtaining consent from more than half of all members of the Audit Committee:

(I) disclosure of financial information in financial accounting reports and regularly report, and the evaluation report on internal control;

(II) appointment or dismissal of accounting firms which undertakes audit work of the Company;

(III) appointment or dismissal of the person-in-charge of finance of the Company;

(IV) changes in accounting policies or accounting estimates or corrections of significant accounting errors for reasons other than changes in accounting standards; and

(V) any other matters stipulated by the Relevant Rules and the Articles of Association.

Where the Board of Directors does not adopt the Audit Committee's review opinions on matters within its scope of duties, the Company shall disclose such matters and fully explain the reasons.

Rule 10 The main functions and duties of the Audit Committee in supervising and evaluating external audit work include but are not limited to:

(I) to propose to the Board of Directors the appointment or change of the accounting firm;

(II) to formulate policies, procedures and relevant internal control systems for the selection and appointment of accounting firms in accordance with the authorization of the Board of Directors;

(III) to propose to start the work relating to the selection and engagement of an accounting firm;

(IV) to deliberate the selection and engagement documents, examine audit fees and appointment terms, determine the assessment factors and specific scoring criteria, and supervise the process of selection and engagement;

(V) to put forward suggestions on the selection and engagement of an accounting firm and the audit fees;

(VI) to supervise and evaluate the auditing work of the accounting firm, urge the accounting firm to maintain honest and trustworthy, diligent and responsible practices, strictly abide by business rules and industry self-regulatory norms, strictly implement internal control systems, verify and validate the Company's financial accounting reports, fulfill obligations that require special attention, and prudently express professional opinions;

(VII) to submit on a regular basis (at least once a year) to the Board of Directors a report on the assessment of the performance of the engaged accounting firm and a report on the performance of the supervision duties by the Audit Committee;

(VIII) to review and supervise whether the external auditors are independent and objective and whether the audit procedures are valid according to applicable standards; the Audit Committee shall discuss the nature and scope of the audit and the relative reporting responsibility with external auditors before commencement of the audit;

(IX) to formulate and implement policies in respect of provision of non-auditing services by external auditors. The Audit Committee shall report to the Board of Directors and make recommendations on any matter requiring actions or improvements;

(X) to review the external auditor's "Explanatory Statement on Auditing" to management, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and management's response;

(XI) to ensure that the Board of Directors will provide a timely response to the issues raised in the external auditor's "Explanatory Statement on Auditing" to management.

Rule 11 The main functions and duties of the Audit Committee in supervising and evaluating internal audit work include but are not limited to:

(I) to participate in the assessment of the person in charge of internal audit;

(II) to guide and supervise the establishment and implementation of internal audit systems, and review important internal audit systems;

(III) to discuss the medium – and long-term planning of internal audit and annual audit plan, and supervise the implementation of the internal audit plan;

(IV) to supervise the rectification of major issues identified during internal audit;

(V) to guide the effective operation of internal audit institutions and receive internal audit work reports, in which case, the internal audit institution(s) of the Company shall report its/their work to the Audit Committee, including but not limited to reporting to the Audit Committee at least quarterly on the implementation of the internal audit plan and issues identified during internal audit work, and submitting an internal audit work report to the Audit Committee at the end of each year. Various audit reports, rectification plans for audit issues, and rectification status submitted by the internal audit institution to the management shall be simultaneously reported to the Audit Committee;

(VI) to review internal audit quality assessment reports, assess and evaluate the internal audit work and put forward relevant suggestions;

(VII) to supervise the internal audit institution(s) to conduct inspection on the following matters at least once every six months, issue inspection reports and submit them to the Audit Committee: (1) implementation of significant events such as the deposit and use of proceeds from capital raising activities, provision of guarantees, related party transactions, provision of financial assistance, purchase or sales of assets, and external investments; (2) large-amount fund transfers of the Company and fund transfers with Directors, senior management, controlling shareholders, de facto controllers and their related parties;

(VIII) to report to the Board of Directors on the progress, quality of internal audit work and major issues identified;

(IX) to coordinate the relationship between the internal audit institution(s) and external auditing entities such as accounting firms and national audit institutions;

(X) to supervise the promotion of internal audit work mechanisms and system construction, and the improvement of performance safeguards for internal audit institution(s), ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

Rule 12 The Audit Committee shall review the financial and accounting policies and practices of the Company. The Audit Committee shall review the Company's financial accounting reports, provide opinions on the authenticity, accuracy and completeness of the financial accounting reports, focus on major accounting and audit issues in the Company's financial accounting reports, with particular attention to whether there is any possibility of fraud, malpractice and material misstatements related to the financial accounting reports, and supervise the rectification of financial accounting report issues.

The Audit Committee shall monitor the completeness of the financial statements, annual reports and accounts, interim reports and quarterly reports of the Company, and review significant judgement relating to financial reporting contained therein. Before submitting the relevant statements and reports to the Board, the Committee shall focus review particularly on:

- any changes in the accounting policies and practices;
- major judgmental areas;
- significant adjustments resulting from audit;
- the going concern assumptions and any qualifications;
- compliance with accounting standards; and
- compliance with the listing rules and legal requirements in relation to financial reporting.

The Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts, and shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officers or external auditors.

Rule 13 The Audit Committee shall be responsible for supervising and assessing the Company's internal control systems. The Company's internal audit institution(s) shall urge relevant responsible departments to formulate rectification measures and rectification timelines for internal control deficiencies and implementation issues, conduct subsequent reviews of internal control, supervise the implementation of rectification measures. If any significant internal control defects or risks are identified, a report shall be submitted to the Audit Committee in a timely manner. The Audit Committee shall issue a written assessment opinion on the effectiveness of the Company's internal control based on the internal audit reports and related materials submitted by the internal audit institution(s), and submit a report to the Board of Directors.

The Audit Committee shall have the power to review the Company's financial controls, and to review the Company's risk management and internal control systems. The Audit Committee shall discuss the risk management and internal control systems with the management of the Company to ensure that the management has performed its duty to establish an effective system. The discussion shall include the adequacy of resources, staff qualifications and experience, training programs received by staff and the budget of the Company's accounting and financial reporting function.

The Audit Committee may, on its own initiative or as delegated by the Board of Directors, study major investigation findings related to risk management and internal control matters and the management's response to these findings.

Rule 14 The Audit Committee may report to the Board of Directors on matters under these Rules.

Rule 15 Members of the Audit Committee shall communicate with the Board of Directors and the senior management of the Company. The Committee shall meet at least twice a year with the Company's external auditors.

Rule 16 Arrangements are made to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

Rule 17 The Audit Committee shall act as the key representative body for overseeing the Company's relations with the external auditors.

Rule 18 The Committee shall establish a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Company.

Rule 19 The chairman of the Committee shall perform the following duties:

(I) to convene and preside over meetings of the Audit Committee;

(II) to supervise the daily work of the Audit Committee;

(III) to examine and sign reports and other important documents of the Audit Committee;

(IV) to report work to the Board of Directors on behalf of the Audit Committee; and

(V) other duties that should be performed by the chairman of the Committee.

Rule 20 When for any reason the chairman of the Committee is unable to perform his duties or refuses to perform his duties, a Committee member who is an independent Director shall be jointly elected by more than half of the Committee members to act on his/her behalf.

Chapter IV Meetings and Rules of Procedures

Rule 21 Meetings of the Committee shall in principle be held on site. Provided that all participating members can fully communicate and express their opinions, meetings may be held by video conference, telephone, written resolution by circulation or other means in accordance with procedures, wherever necessary.

Rule 22 Meetings of the Audit Committee are classified into regular meetings and extraordinary meetings. The Committee holds at least four regular meetings on a quarterly basis every year.

Rule 23 An extraordinary meeting may be convened by the chairman of the Committee when he/she considers it necessary or upon the proposal of two or more members. Where an independent Director member becomes conscious of a significant matter of the Company within the Committee's scope of duties during performance of duties, he or she may promptly submit a proposal for discussion and review by the Committee in accordance with procedures.

Rule 24 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 25 For an extraordinary meeting, a notice in writing or by telephone shall be given to all members three (3) days before the meeting, and materials of the meeting shall be serviced to all Committee members for their review at the same time. The aforesaid advance notice period may be waived upon consents of two-thirds or more of the members.

Rule 26 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; and

(IV) the date of dispatch of the notice.

Rule 27 A meeting shall be convened and presided over by the chairman of the Committee. When the chairman is unable to attend or refuses to attend the meeting, a Committee member who is an independent Director shall be jointly elected by more than half of the Committee members to preside over the meeting on his/her behalf. A meeting shall be held only when more than two-thirds of the members are present at the meeting.

Rule 28 Committee members shall attend Committee meetings in person and express clear opinions on the matters reviewed. If for any reasons any member of the Committee is unable to attend the meeting, he/she shall notify the secretarial department in advance, review the meeting materials beforehand, form clear opinions and record such opinions in the power of attorney, before appointing in writing another member to attend the meeting. The power of attorney shall specify the scope and duration of the authorization. Each member shall accept the appointment of not more than one member. If for any reasons an independent Board member is unable to attend the meeting in person, he/she shall appoint other independent Board members to attend the meeting.

Rule 29 With the consent of the chairman of the Committee, the Committee may invite experts, advisers, professional consultants and any members of the management it considers necessary to attend the meetings.

Rule 30 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 of the Committee. If any member of the Committee has a conflict of interests in an issue to be discussed at a meeting, such member shall abstain from the meeting. If no valid review opinion can be formed due to abstention, the relevant matter should be submitted to the Board of Directors for review.

If a Committee member, who should have ceased to perform duties but has failed to do so, or should have been removed from office but has not yet been removed, attends and votes at a Committee meeting, his or her vote shall be invalid and shall not be counted towards the attendance.

Rule 31 The secretarial department shall be responsible for the minutes of Committee meetings, which shall include the following contents:

(I) the date, venue, form and the name of convener of the meeting;

(II) the number of members who should be present and the number of members who are actually present, in which case members who attend the meeting by proxy shall be indicated;

(III) an explanation of the relevant procedures of the meeting and the validity of the resolutions of the meeting;

(IV) an explanation of the contents examined and voted at the meeting, the voting method and the results of the voting;

(V) key points of speeches by attendees;

(VI) name of the minutes recorder; and

(VII) other matters that should be explained and recorded in the minutes of meeting.

Rule 32 The meeting minutes shall be true, accurate, and complete, fully reflecting the opinions expressed by the attendees on the matters reviewed. Members and other relevant persons present at a meeting, including the recorder, shall sign the meeting minutes accordingly.

Rule 33 Draft and final versions of the minutes of the meeting shall be sent to all Committee members for their comment and records, respectively, within a reasonable time after the meetings. The secretarial department shall, after the meetings, timely transfer to the office of the Board of Directors of the Company minutes of meetings of the Audit Committee and all meeting materials and relevant documents delivered to the members for unified and proper maintenance. The meeting minutes, power of attorney and other related meeting materials shall be maintained for a period of at least ten (10) years.

Rule 34 During the preparation and disclosure of the Company's annual financial reports the Audit Committee shall follow the relevant laws and regulations and the work procedures as provided in regulatory documents. When the Company discloses its annual report, it shall simultaneously disclose the annual performance of duties by the Audit Committee, which mainly includes its performance of duties and exercise of powers, and the meetings of the Audit Committee.

Rule 35 Committee members and attendees of meetings shall be responsible and obligated to keep confidential the meeting materials and contents reviewed at the meeting, and shall not disclose relevant information without authorization.

Chapter V Supplemental Provisions

Rule 36 Any matter which is not covered in these rules or in conflict with the laws, administrative regulations, departmental rules, other relevant regulatory documents and provisions of the listing rules of the place where the shares of the Company are listed promulgated from time to time, the laws, administrative regulations, departmental rules, other relevant regulatory documents and provisions of the listing rules of the place where the shares of the Company are listed shall prevail.

Rule 37 The term "independent Director" in these Rules has the same meaning as "independent non-executive director" in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Rule 38 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.