Guotai Haitong Securities Co., Ltd.

Working Rules of the Remuneration Appraisal and Nomination Committee of the Board of Directors[1]

Chapter I General Provisions

Rule 1 Guotai Haitong Securities Co., Ltd. (the "Company") has formulated these 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), the 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 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) 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 Remuneration Appraisal and Nomination Committee (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 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. The members of the Committee shall possess the requisite professional knowledge and work experience for performance of the duties of the Committee, the majority of whom shall be independent Directors. The Committee shall appoint at least one (1) Director of a different gender, and candidates for Committee members shall be nominated by the chairman of the Board of Directors and approved by the Board of Directors.

Rule 4 The Committee shall have one (1) chairman, who shall be an independent Director. Candidate of the chairman shall be nominated by the chairman of the Board of Directors and approved by the Board of Directors.

Rule 5 The term of office of Committee members shall be equivalent to that of the respective Directors. Any member of the Committee 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 committee members, 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, the Board of Directors shall fill the vacancy according to Rule 3 of these rules within sixty (60) days. The original members shall continue to perform their duties until new members take office.

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

Rule 6 The human resources department of the Company shall assume the functions of secretary of the Committee.

Chapter III Functions and Duties

Rule 7 The main functions and duties of the Committee are as follows:

(I) to review the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors at least annually, assist the Board of Directors in preparing a board skills matrix, and advise on any proposed changes to the Board of Directors to cope with corporate strategy;

(II) to develop the criteria and procedures for selection of Directors and senior management, to identify candidates for qualified Directors and senior management, and to review and advise on the qualifications of candidates for Directors and senior management;

(III) to review and suggest on the assessment and remuneration management system for Directors and senior management, to establish formal and transparent procedures for developing remuneration policy, and to make recommendations to the Board of Directors;

(IV) to assess and review the independence of independent non-executive Directors;

(V) to suggest the Board of Directors on the appointment or reappointment of Directors and succession plans for Directors, in particular the chairman of each committee under the Board of Directors and chief executive of the Company;

(VI) to support the Company's regular evaluation of the Board of Directors' performance;

(VII) to formulate appraisal standards for Directors and senior management, appraise Directors and senior management and make recommendations;

(VIII) to suggest on the remuneration of the senior management with reference to the corporate operation goals and objectives set by the Board of Directors;

(IX) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions of other positions within the Group while giving recommendations on the remuneration packages of Directors and senior management;

(X) to advise the Board of Directors on the remuneration packages of individual executive Directors and senior management, which shall include (but are not limited to) non-monetary benefits, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; the Committee shall consult the chairman of the Board of Directors or the chief executive of the Company on the remuneration proposals for other executive Directors;

(XI) to review and approve compensation payable to executive Directors and senior management for their loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive;

(XII) to review and approve compensation arrangements relating to dismissal or removal of Directors for their misconduct to ensure that the arrangements are consistent with contractual terms and are otherwise reasonable and appropriate;

(XIII) to ensure that no Director or any of his/her associates is involved in determining his/her own remuneration;

(XIV) to express a view on service contracts of Directors required to be approved by shareholders, to comment on whether such service contracts are in the interests of the Company and its shareholders as a whole; to advise shareholders whether the relevant terms are fair and reasonable, and to recommend shareholders (other than shareholders who are Directors with a material interest in such contract and their associates), on how to vote;

(XV) to regularly evaluate the Company's remuneration policy and its implementation, and to make recommendations to the Board of Directors;

(XVI) to review and/or approve the matters relating to share schemes under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and

(XVII) to perform other functions and duties as stipulated by the Relevant Rules and the Articles of Association, and as authorized by the Board of Directors.

Rule 8 The Committee shall make recommendations to the Board of Directors on the following matters:

(I) nomination, appointment, and removal of Directors;

(II) appointment or dismissal of senior management;

(III) remuneration of Directors and senior management;

(IV) formulating or changing equity incentive schemes, employee stock ownership plans, and conditions for incentive participants to be granted with and exercise interests;

(V) arrangement of stock ownership plans by Directors and senior management for subsidiaries to be spun off; and

(VI) any other matters as required by Relevant Rules, and the Articles of Association.

If the Board of Directors fails to adopt or fails to fully adopt the recommendations of the Committee, it shall record the opinions of the Committee and the specific reasons for non-adoption in the resolutions of the Board of Directors, and make disclosures accordingly.

Rule 9 The Committee shall strive to promote the Board of Directors Diversity Policy of Guotai Haitong Securities Co., Ltd. It shall discuss and agree measurable objectives on an annual basis, and advise the Board of Directors on acting for such objectives, making the composition of the Board of Directors in line with the Company's strategic objectives and requirements for sustainable development. In selecting candidates for the Board of Directors, the Committee shall take into account various factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. Independent directors shall account for at least one-third of the Board of Directors, and shall be no less than three (3). The Board of Directors shall comprise at least one (1) member being an accounting professional, one (1) member being a legal professional and one (1) member being a Hong Kong citizen.

Rule 10 The Committee shall review the director nomination policy on an annual basis and make recommendations to the Board of Directors to ensure that the composition of the Board of Directors is in line with the requirements of operation and development of the Company.

In nominating candidates for Directors, the Committee shall take into consideration of the candidates' character, qualifications (including professional qualifications, technique, knowledge and experiences regarding business and strategies of the Company), any measurable objective adopted for implementing the Board of Directors Diversity Policy, the conditions required by the stock exchange on which its shares are listed and by the regulatory authorities of the places of its listing, etc.

The nomination and election procedures for Directors are set forth below:

(I) upon receiving of the proposal of nomination for and the information of the candidates for Directors, the Committee shall review and consider if the candidates meet the qualifications for directorship of the Company based on the above criteria;

(II) if one or more appropriate candidates are involved, the Committee shall propose the order of candidates and provide nomination recommendations to the Board of Directors; and

(III) the Board of Directors makes final decision based on the recommendations for director nomination and submits to the general meeting for election. The relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the rules of the stock exchange on which its shares are listed and/or applicable laws and regulations.

Rule 11 The Committee's fund shall be covered by the budget of the Company. The Committee may, engage professional parties when performing its duties at the reasonable cost of the Company.

Rule 12 The chairman of the Committee shall perform the following duties:

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

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

(III) to examine and sign reports and other important documents;

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

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

Rule 13 When the chairman of the Committee is unable to perform his/her duties for any reason, he/she shall designate a member to act on his/her behalf.

Chapter IV Meetings and Rules of Procedures

Rule 14 Meetings of the Committee shall in principle be held in person. Provided that all participating members can fully communicate and express their opinions, meetings may be held by video, telephone, written resolution by circulation or other means in accordance with procedures, wherever necessary.

Rule 15 A meeting may be convened by the chairman of the Committee when he/she considers it necessary or upon the proposal of Committee 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 16 Notice of the meeting, materials of the meeting together with the agenda for the meeting shall in principle be sent in writing to all members of the Committee 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 17 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 18 A Committee meeting shall be convened and presided over by the chairman of the Committee. When the chairman is unable to attend the meeting, he/she may appoint another member 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 19 If for any reasons any member of the Committee is unable to attend the meeting, he/she shall notify the human resources department in advance, or appoint in writing another member to attend the meeting. However, independent Directors serving as members of the Committee shall attend Committee meetings in person. If for any reasons an independent Director is unable to attend the meeting in person, he/she shall review the meeting materials beforehand, form clear opinions, and appoint in writing another independent Director member to attend the meeting on his/her behalf.

Rule 20 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 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 of the Committee. When an issue discussed at a meeting involves any member concerned, such member shall abstain from the meeting.

If a Committee member, who should have ceased to perform duties pursuant to Relevant Rules 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 22 The human resources department shall be responsible for the minutes of Committee meetings, which shall include the following contents:

(I) the date, venue 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;

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

(IV) an explanation of the proposals examined and voted on at the meeting and the results of the voting;

(V) opinions of attending Committee members; and

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

Rule 23 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.

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

Rule 25 Members who are present at the meeting and persons attending the meeting shall keep confidential all matters discussed at the meeting.

Chapter V Supplemental Provisions

Rule 26 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 27 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 28 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.