



(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 华泰证券股份有限公司 and carrying on business in Hong Kong as HTSC)

Terms of Reference of the Committees of the Board of Directors (revised)

The English version is for reference only. Should there be any inconsistency between the English and Chinese versions, the Chinese version shall prevail.

Chapter I General Provisions

Article 1 For purposes of improving the Company's corporate governance and strengthening the decision-making function of the Board of Directors (the "Board"), these Terms of Reference are hereby formulated pursuant to the *Company Law of People's Republic of China* ("PRC" or the "Country") (the "Company Law") (《中華人民共和國公司法》), the *Measures for the Administration of Independent Directors of Listed Companies* (《上市公司獨立董事管理辦法》), the *Rules for Governance of Securities Companies* (《證券公司治理準則》), the *Code of Corporate Governance for Listed Companies* (《上市公司治理準則》), the *Rules Governing the Listing of Stocks on 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* (the "Listing Rules") (《香港聯合交易所有限公司證券上市規則》), the Articles of Association (《公司章程》) and other relevant provisions.

Article 2 The Board of the Company establishes the Compliance and Risk Management Committee (合規與風險管理委員會), the Audit Committee (審計委員會), the Development Strategy Committee (發展戰略委員會), the Nomination Committee (提名委員會) and the Remuneration and Appraisal Committee (薪酬與考核委員會) pursuant to the resolutions of the general meeting.

Article 3 All specialized committees shall consist of three to five directors. Among such committees, a majority of the members of the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee shall be independent non-executive directors, one of whom shall act as the convenor. The convenor of the Audit Committee shall be an accounting professional.

Article 4 Members of specialized committees shall be nominated by the Chairman or more than one-third of all the members of the Board and shall be elected by the Board.

Article 5 A specialized committee shall have one chairman (convenor), being responsible for taking in charge of the work of the committee.

The chairman of the Development Strategy Committee shall be acted by the Chairman of the Company's Board. Chairmen of other committees shall be elected by and among the committee members and shall be submitted to the Board for approval.

Article 6 The term of the office of all committee members shall be consistent with that of the Board. Upon expiry of such term of the office, committee members shall be re-appointed upon re-election. In the event that committee members no longer act as directors of the Company, they will be automatically disqualified to be a committee member. In such regard, the committee shall fill a vacancy or vacancies of the committee members pursuant to the foregoing provisions.

The term of re-appointment for independent non-executive directors shall not exceed six years.

Article 7 All specialized committees shall be accountable to the Board and shall submit work report to the Board pursuant to the provisions of the Articles of Association. Prior to making resolutions on matters relating to the responsibilities of specialized committee(s), the Board shall seek the opinions of the relevant specialized committee(s).

Article 8 At least two meetings of a specialized committee shall be convened per annum and all committee members shall be notified of the meeting seven days prior to the convening of such meeting. The meeting shall be chaired by the chairman of the committee. Should the chairperson be unable to attend the meeting, he/she may entrust another committee member (an independent non-executive director) to chair the meeting.

Article 9 The meeting of a specialized committee shall be convened only when more than two-thirds of the committee members attend the meeting. Each committee member shall be entitled to one vote. Any resolution made at the meeting shall require more than a half of all committee members to pass.

Article 10 The meeting of a specialized committee shall have committee members vote by a show of hand or on a poll. An extraordinary meeting may be convened by telecommunication voting.

Article 11 The meeting of a specialized committee, when necessary, may invite the Company's directors and senior management to present the meeting.

Article 12 The procedures for convening the meeting of a specialized committee, the method of voting, and the proposals to be passed on the meeting shall be in compliance with the provisions of the relevant laws, regulations, Articles of Association and these Terms of Reference.

Article 13 If it is necessary, a specialized committee may hire an intermediary institution to provide professional advice regarding its decision at the expense of the Company.

Article 14 Minutes of all meetings of all specialized committees shall be maintained and committee members who attend the meeting shall sign on such minutes. Minutes shall be kept by the Company's Secretary to the Board.

Article 15 All committee members who attend the meeting shall be obliged to keep all items to be resolved at the meeting confidential and may not unilaterally disclose the relevant information.

Chapter II The Compliance and Risk Management Committee of the Board

Article 16 The main duties of the Compliance and Risk Management Committee are:

- 16.1 to consider and approve the general objective and basic policies of compliance management and risk management, and put forward some suggestions;
- 16.2 to consider and approve the establishment of the institution for compliance management and risk management, and its duties, and put forward some suggestions;
- 16.3 to evaluate the risk for major decisions to be considered and approved at the Board meeting and the solution for such major risk, and put forward some suggestions;
- 16.4 to consider and approve the compliance report and risk evaluation report required to be considered and approved by the Board, and put forward some suggestions;
- 16.5 such other duties stipulated in the Articles of Association.

Article 17 The Company's leaders in charge of the relevant business and the officer in charge of the corresponding department shall assist the Compliance and Risk Management Committee and provide the Company's information, in written form, regarding such relevant aspects:

- 17.1 The relevant provisions of the regulatory department and the Company's compliance and risk management;
- 17.2 The Company's compliance and risk management reports and internal control reports;
- 17.3 Report on the Company's compliance and report on the Company's risk;
- 17.4 Report on the dynamic analysis of the Company's asset quality;
- 17.5 Other relevant materials.

The Company's Chief Compliance Officer shall regularly or irregularly perform his/her report duty to the Compliance and Risk Management Committee in respect of the Company's compliance on business rules, business operation and internal control.

Article 18 In the event of sudden risk or major hidden danger, the Company's Chief Executive Officer and Chief Compliance Officer shall timely report to all members of the Compliance and Risk Management Committee and to all directors and other relevant personnel.

Article 19 When a meeting of the Compliance and Risk Management Committee is convened to discuss the relevant matters, the relevant resolutions in written form shall be submitted to the Board for discussion.

Article 20 The meeting of the Compliance and Risk Management Committee shall be convened by the chairperson of the committee and the Chairman of the Board based on the needs. All committee members shall be notified at least seven days prior to the meeting to be convened. The meeting shall be chaired by the chairman of the committee. Should the chairperson be unable to attend the meeting, he/she may entrust another committee member to chair the meeting.

Article 21 The meeting of the Compliance and Risk Management Committee shall be convened only when more than two-thirds of the committee members attend the meeting. Each committee member shall be entitled to one vote. Any resolution at the meeting shall require more than a half of all committee members with the opinions of those committee members voting against the resolution.

Article 22 The resolution at the meeting of the Compliance and Risk Management Committee shall be voted by way of a poll and signature shall be made on the resolution. An extraordinary meeting may be convened by telecommunication voting.

Article 23 The Company's Chairman of Board, Chief Executive Officer, Secretary of Board and Chief Compliance Officer shall attend the meeting of the Compliance and Risk Management Committee, and when necessary, the Company's non-member directors and other senior management may be invited to present the meeting.

Article 24 The resolutions passed at the meeting of the Compliance and Risk Management Committee shall be in compliance with the provisions of the relevant laws, regulations, and Articles of Association.

Article 25 All committee members who attend the meeting shall be obliged to keep all items to be resolved at the meeting confidential and may not unilaterally disclose the relevant information.

Chapter III The Audit Committee of the Board

Article 26 The Audit Committee of the Board of the Company exercises the powers of the Supervisory Committee as stipulated in the Company Law.

Article 27 The Audit Committee is responsible for reviewing the Company's financial information and its disclosures, as well as supervising and evaluating internal and external audit works and internal controls. The major duties of the Audit Committee are:

27.1 to supervise and guide the audit work of the Company. To manage and guide the internal audit plan and the construction of audit team of the Company, and to receive regular briefings from, and consider, the comprehensive audit report, annual audit plans and material audit reports. To judge the authenticity, accuracy and completeness of the information of audited financial report for submission to the Board for consideration and approval. To supervise the completeness of the Company's financial statement, the Company's annual report and accounts, half-yearly report and quarterly report and review the major opinions regarding the relevant financial reporting as provided in the statements and reports. The committee shall focus on, in particular, the following items:

1. Amendments to the accounting policy and practice;

2. Such areas involving important judgment;
 3. Material adjustment arising from audit;
 4. Assumptions and qualified opinions regarding the enterprise's on-going operation;
 5. Whether in compliance with the accounting standard;
 6. Whether in compliance with the listing rules of the place listed related to the financial reporting and the relevant provisions of laws;
- 27.2 to propose to hire or replace an external audit institution, to supervise the act of implementation of an external audit institution and to ensure the coordination between the internal auditor and the external auditor; in addition, to ensure that the duties of internal audit can be operated with sufficient resources and appropriate position; to investigate and supervise its effectiveness;
- 27.3 to consider and suggest on the appointment of an external auditor, his/her re-appointment, remuneration, employment terms and any relevant resignation or dismissal. To act as the major representative between the Company and an external auditor, and to be responsible for supervising the relationship between them;
- 27.4 prior to the commencement of the audit work, to discuss with the external auditor regarding the nature and scope of the audit work, and the relevant reporting responsibilities; to investigate, from time to time, whether the audit procedures are effective, and whether the external auditor is objective and independent enough;
- 27.5 to check the Letter of Illustration on Audit (《審核情況說明函件》) given by the external auditor to the management level, any major query regarding the accounting record, financial accounts or monitoring system made by the external auditor to the management level and the response made by the management level; to ensure that the Board may timely reply regarding the matters put forward by the external auditor in the Letter of Illustration on Audit to the management level;
- 27.6 to examine and monitor the Company's financial control, risk management and internal control system; to examine the financial and accounting policy and practice of the Company and its subsidiaries;
- 27.7 to discuss with the management level regarding the risk management and internal control system, and to ensure that the management level is performing its duties and has established effective internal control system and strengthened its responsibility on the rectification of accountability and the improvement of mechanism; to take the initiative or to be appointed by the Board to conduct a study on the important investigation results in respect of the risk management and internal control and on the reply of the management level;
- 27.8 to report to the Board regarding the foregoing matters;

27.9 to examine the following arrangement set by the Company: the Company's employees may secretly put forward their concerns about the inappropriate act which may probably take place in respect of the financial report, internal control and others. The Audit Committee shall ensure that appropriate arrangement is made and the Company may conduct fair and independent investigation and take appropriate action in respect of the foregoing matters;

27.10 to study such other topics defined by the Board;

27.11 other duties provided in the Articles of Association of the Company and listing rules of the locality or laws and regulations.

The Audit Committee shall be composed of three or more members who are directors that are not members of the senior management of the Company. A majority of the members shall be independent non-executive directors and at least one independent non-executive director is an accounting professional who fulfils at least one of the following conditions:

1. Qualified as a certified public accountant;
2. Having a senior professional title, associate professor title or doctoral degree majored in accounting, auditing or financial management;
3. Having a senior professional title in economic management with over 5 years of full-time working experience at a professional position in accounting, auditing or financial management.

Such person should possess the experience in respect of internal control and preparation or audit of comparable financial statement and report, or the experience in respect of analyzing the audited financial statement and report of a public company, by engaging in the work of being an accountant, an auditor, a financial director or a chief accounting officer of a public company or by performing similar duties.

An independent non-executive director of the Company shall act as the convenor of the Audit Committee. An employee representative of the members of the Board can be a member of the Audit Committee. Members of the Audit Committee shall contact the Board and the senior management. The Audit Committee shall convene at least two meetings with the Company's auditors per annum.

Article 28 The following matters shall be submitted to the Board for consideration with the approval of more than half of all members of the Audit Committee:

- (1) disclosure of financial information in the financial accounting report and periodic report, as well as the internal control and evaluation report;
- (2) engagement or dismissal of the accounting firm performing audit of the Company;
- (3) appointment or dismissal of the Chief Financial Officer of the Company;
- (4) change of accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;

- (5) other matters as stipulated by laws, administrative regulations, the requirements of the China Securities Regulatory Commission and the Articles of Association.

Article 29 The Office of the Board shall be responsible for carrying out the preliminary preparation work for the decision of the Audit Committee and shall provide the Company's relevant information in written form:

- 29.1 the Company's relevant financial report;
- 29.2 work reports of internal audit institution and external audit institution;
- 29.3 external audit contract and relevant work report;
- 29.4 the Company's external disclosure of information;
- 29.5 the audit report on the Company's major connected transactions.

Article 30 At the meeting of the Audit Committee, appraisal on the reports provided by the Office of the Board is made through discussion and the relevant resolution in written form shall be submitted to the Board for discussion:

- 30.1 external audit institution's work appraisal, hiring and replacement of external audit institution;
- 30.2 whether the Company's internal audit system has been implemented effectively and whether the Company's financial report is completely true;
- 30.3 whether the Company's information including the financial report disclosed externally is objective and true; and whether the Company's major connected transactions are in compliance with the relevant laws and regulations;
- 30.4 work appraisal of the Company's internal finance department, and audit department, including their persons in charge;
- 30.5 other relevant matters.

Chapter IV The Development Strategy Committee of the Board

Article 31 Major duties of the Development Strategy Committee are:

- 31.1 to understand and grasp the completed situation of the Company's operation;
- 31.2 to understand, analyze and grasp the current situation of the international and domestic industry;
- 31.3 to understand and grasp the relevant policies of the Country;
- 31.4 to study the short-term, medium-term and long-term development strategies of the Company or the relevant issues;

- 31.5 to provide consultancy advice on the Company's long-term development strategy, major investment, reform and other major decisions, and to promote the deep integration of the Company's cultural concept and the Company's development strategies;
- 31.6 to consider and approve the special study report on the development strategy;
- 31.7 to publish daily research report in a regular or irregular manner;
- 31.8 other duties granted by the Board.

Article 32 Decision-making procedures of the Development Strategy Committee:

- 32.1 the person in charge of the Company's relevant departments or a controlling (shareholding) enterprise shall provide the Office of the Board with the information regarding material investment financing, capital operation, intent for asset operating project, preliminary feasibility report and basic information of the cooperative parties;
- 32.2 the Office of the Board shall carry out the preliminary review, issue the letter of opinion on project listing, and report to the Development Strategy Committee for filing;
- 32.3 the Company's relevant departments or a controlling (shareholding) enterprise shall conduct negotiation with external parties regarding agreements, contracts, the Articles of Association and feasibility study reports and then shall submit to the Office of the Board;
- 32.4 the Office of the Board shall carry out evaluation and appraisal and issue opinions in written form, and submit to the Development Strategy Committee for official proposal;
- 32.5 the Development Strategy Committee shall convene meetings and carry out discussions based on the proposal of the Office of the Board. It shall then submit the outcome upon discussion to the Board and simultaneously provide feedback to the Office of the Board.

Chapter V The Nomination Committee of the Board

Article 33 The Nomination Committee is responsible for formulating the selection criteria and procedures for Directors and senior management, selecting and reviewing candidates for Directors and senior management and their qualifications, and making recommendations to the Board. Main duties of the Nomination Committee include:

- 33.1 to review the structure, headcount and composition (including skills, knowledge and experience) of the Board at least once each year, assisting the Board in preparing a Board skills matrix, and making recommendations regarding any proposed changes in the Board in line with the Company's strategies;
- 33.2 to consider and approve the selection and appointment standard and procedures for the directors and senior management, and to put forward opinions;
- 33.3 to search for qualified candidates for the directors and senior management, and to select from the nomination list of the directors or to make suggestions to the Board;

- 33.4 to examine and check the qualifications of the candidates of directors and senior management and make suggestions;
- 33.5 to assess the independence of the independent non-executive directors;
- 33.6 to make suggestions to the Board regarding the appointment or re-appointment of directors, and succession plan of directors (and in particular, the Chairman and the Chief Executive Officer);
- 33.7 to support the Company in regularly assessing the performance of the Board;
- 33.8 such other duties provided in the Company's Articles of Association or required by the Board.

An independent non-executive director of the Company shall act as the convenor of the Nomination Committee, and independent non-executive directors shall constitute a majority of the Nomination Committee.

Article 34 In accordance with the provisions of the relevant laws, regulations and the Articles of Association, the Nomination Committee shall base on the Company's actual situation, study the criteria for election of the Company's senior management including directors, the Chief Executive Officer and others, the procedures for selection and term of the office and submit such resolution once made to the Board for approval. It then follows and implements the resolution.

Article 35 Selection procedures for the senior management including directors, the Chief Executive Officer and others are:

- 35.1 the Nomination Committee shall actively exchange opinions with the relevant departments of the Company, study the Company's requirements for the senior management including directors, the Chief Executive Officer and others and shall prepare materials in written form;
- 35.2 the Nomination Committee may search for the candidates for the senior management including directors, the Chief Executive Officer and others both from and within the Company and a controlling (shareholding) enterprise, and out of the Company;
- 35.3 to collect data of the natural condition of the preliminarily screened candidate and his/her morality, ability, diligence and performance, and prepare written information;
- 35.4 to obtain the consent of the nominee regarding the nomination or else the nominee cannot act as a candidate for a senior management including a director, the Chief Executive Officer and others;
- 35.5 to convene a meeting of the Nomination Committee and to examine the qualifications of the preliminarily selected candidates based on the appointment criteria for senior management including directors, the Chief Executive Officer and others;

- 35.6 one to two months prior to the election of new directors and appointment of new senior management including the Chief Executive Officer and others, to submit to the Board the suggestion on the candidates for directors and the candidates for newly hired senior management including the Chief Executive Officer and others and the relevant materials;
- 35.7 other follow-up work is to be carried out pursuant to the decision and feedback of the Board.

Chapter VI The Remuneration and Appraisal Committee of the Board

Article 36 For the purpose of this Chapter, the term “directors” shall be directors who receive compensation from the Company, and the term “senior management” shall include the Company’s Chief Executive Officer, Co-Chief Executive Officer, members of the executive committee, Chief Operation Officer, Chief Financial Officer, the chief compliance officer, the general counsel, Chief Risk Officer, the secretary to the Board, Chief Information Officer and other persons holding important positions as identified by the regulatory authorities or confirmed by the resolution of the Board.

Article 37 The Remuneration and Appraisal Committee is responsible for formulating appraisal standards for Directors and senior management and conducting appraisals, formulating and reviewing the remuneration policies and proposals including compensation decision mechanism and process, payment and stop-payment recourse arrangements for Directors and senior management, and making recommendations to the Board. Main duties of the Remuneration and Appraisal Committee include:

- 37.1 to consider and approve the appraisal and remuneration management system for directors and senior management, and to propose suggestions. To make suggestions to the Board in respect of (i) the remuneration policy and structure for all directors and senior management of the Company, and (ii) the formulation of the remuneration policy regarding the establishment of the official and transparent procedures;
- 37.2 to review and approve the remuneration suggestion for the management level based on the corporate principle and goal set by the Board;
- 37.3 to examine and evaluate the directors and senior management and make the remuneration suggestions: to make suggestions on the remunerations of individual executive directors and senior management, including non-monetary benefits, pension rights and compensation amount (including the compensation for loss or termination of job or appointment), and to make suggestions to the Board regarding the remuneration of non-executive directors;
- 37.4 to take into consideration such remuneration paid by similar companies, such time and duties required to be used, and hiring criteria for other positions held within the group;
- 37.5 to review and approve such compensation required to be paid to the executive directors and senior management for their loss or termination of job or appointment, so as to ensure that such compensations shall be in consistence with the terms of the contracts. Should there be any inconsistency between such compensations and the terms of contracts, the compensations should be made fairly and reasonably and need not to be in excess;

- 37.6 to review and approve such compensation arrangement involved for dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with the terms of the contracts; should such arrangements be inconsistent with the terms of the contracts, the relevant compensations shall be made reasonable and appropriate;
- 37.7 to ensure that no directors or associates may participate in the determination of their own remunerations;
- 37.8 such other duties as provided in the Articles of Association.

An independent non-executive director of the Company shall act as the convenor of the Remuneration and Appraisal Committee, and independent non-executive directors shall constitute a majority of the Remuneration and Appraisal Committee.

Article 38 The Board shall have the right to object to such remuneration plan or proposal which may impair the shareholders' interests.

Article 39 The remuneration plan of the Company's directors as proposed by Remuneration and Appraisal Committee shall be required to be submitted to the Board for the Board's approval. Upon submitted to the general meeting for consideration and approval, such plan shall be implemented. The remuneration allocation plan of the Company's senior management shall be reported to the Board for approval.

Article 40 The Office of the Board is specifically responsible for providing such information related to the Company's operation and such information related to the personnel under examination and appraisal. It also organizes meetings of the Remuneration and Appraisal Committee while the Human Resources Department is responsible for implementing the relevant resolutions of the Remuneration and Appraisal Committee.

Article 41 The Office of the Board is responsible for carrying out the preliminary preparation for the decision-making of the Remuneration and Appraisal Committee and providing the Company's relevant information:

- 41.1 to provide the Company's main financial indicator and the status of the accomplishment of the operating goal;
- 41.2 the division of work scope and main duties of the Company's senior management;
- 41.3 to provide the status of the accomplishment of the indicator involved in the performance appraisal system for the positions of directors and senior management;
- 41.4 to provide information regarding the business creativity of the directors and senior management and the operating effectiveness regarding profitability;
- 41.5 to provide the basis for the relevant guess and estimate in respect of the Company's remuneration distribution plan formulated pursuant to the Company's performance and manner of allotment.

Article 42 The Remuneration and Appraisal Committee's Procedures of Examination and Assessment for Directors and Senior Management are:

- 42.1 the Company's directors and senior management shall make self-introduction and self-evaluation to the Remuneration and Appraisal Committee;
- 42.2 the Remuneration and Appraisal Committee shall conduct performance appraisal on the directors and senior management pursuant to the standard and procedures in respect of performance appraisal;
- 42.3 the amount of the remunerations and the method of award for the directors and senior management shall be suggested based on the outcome of the positions and the performance appraisal and remuneration allocation policy. Upon voting, such suggestion shall be reported to the Board.

Article 43 When a topic related to a member of the Remuneration and Appraisal Committee is being discussed at the meeting of the Committee, the party involved shall not attend the meeting.

Chapter VII Supplementary Provisions

Article 44 These Terms of Reference shall come into effect after consideration and approval by the Board of the Company. Since the effective date hereof, the Company's original Terms of Reference of the Committees of the Board of Directors will automatically become invalid and void.

Article 45 For matters not covered in these Terms of Reference, they are implemented subject to the provisions of the State's relevant laws, regulations, Articles of Association and the listing rules of the locality where the Company's shares are listed. In the event that these Terms of Reference contradict to the laws or regulations promulgated by the State in the future or the Articles of Association amended pursuant to the legal procedures, it is implemented subject to the provisions of the State's relevant laws, regulations, and Articles of Association and shall be amended promptly and shall be considered and approved by the Board.

Article 46 The right of interpretation regarding these Terms of Reference shall belong to the Board of the Company.