

**GF Securities Co., Ltd.**

**Rules of Procedure for the Strategic Committee  
of the Board of Directors**

**June 7, 2013**

**(as considered and passed at the 36th meeting of the seventh session  
of the Board of Directors)**



# **RULES OF PROCEDURE FOR THE STRATEGIC COMMITTEE OF THE BOARD OF DIRECTORS OF GF SECURITIES CO., LTD.**

## **Chapter 1 General Provisions**

**Article 1** In order to meet the need of strategic development of GF Securities Co., Ltd. (hereinafter referred to as the “Company”), ensure the Company’s scientific development plan and strategic decision-making process and perfect its corporate governance structure, the Company has established the strategic committee of the Board of Directors (hereinafter referred to as the “Strategic Committee”) and formulated the Rules of Procedure in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), Standards on Corporate Governance of Listed Companies (上市公司治理準則), Standards on Corporate Governance of Securities Companies (證券公司治理準則), the Articles of Association of GF Securities Co., Ltd. (hereinafter referred to as the “Articles of Association”) and other relevant provisions.

**Article 2** As a specialized working body set up under the Board of Directors of the Company, the Strategic Committee is accountable to and reports its work to the Board of Directors. The Strategic Committee is mainly responsible for drafting the medium to long-term strategic goals and development plans of the Company, reviewing the medium to long-term strategic goals and development plans of each business and management segments of the Company, supervising and guiding the implementation of the Company’s strategy; reviewing the business policies and investment plans of the Company; reviewing the major strategic investments of the Company.

**Article 3** The Office of the Board of Directors is responsible for handling the day-to-day affairs of the Strategic Committee. The Strategic Committee may also engage a secretary where necessary.

## **Chapter 2 Composition**

**Article 4** The Strategic Committee shall be composed of three to five Directors.

Members of the Strategic Committee shall be nominated by the Chairman of the Board of Directors, more than half of the independent Directors or more than one-third of all Directors, and shall be elected by a majority vote of the Board of Directors of the Company. The Chairman of the Board of Directors shall serve as an ex-officio member of the Strategic Committee.

**Article 5** The Strategic Committee shall have one chairman, who shall be the Chairman of the Board of Directors the Company.

The chairman shall be responsible for convening and presiding over meetings of the Strategic Committee. Where the chairman is unable to perform his/her duties, he/she shall appoint another member to perform the duties on his/her behalf. Where the chairman is unable or fails to perform his duties and no other member has been so designated, any member who shall be elected by a half or a majority of members shall perform the duties of the chairman.

**Article 6** The term of office of members of the Strategic Committee shall be three years, which is the same as that of members of the Board of Directors. A member of the Strategic Committee may serve consecutive terms if re-elected upon the expiry of his/her term of office. Any member who ceases to be a Director of the Company during the term shall automatically be disqualified as a member of the Strategic Committee.

A member of the Strategic Committee may tender resignation before the expiry of his/her term of office. In this case, the member shall submit to the Board of Directors his/her written resignation application, which shall only take effect upon approval by the Board of Directors. The resigning member shall continue to perform relevant duties until the member elected in a by-election by the Board of Directors takes office.

No member of the Strategic Committee may be removed from office without cause prior to the expiry of term of office save as the occurrence of circumstances that requires dismissal as stipulated in the Company Law or the Articles of Association.

**Article 7** Where the number of the Strategic Committee members falls below the required minimum number due to the resignation or removal of members or other reasons, the Board of Directors of the Company shall fill the vacancies in accordance with Article 4 of the Rules of Procedure as soon as possible.

The Strategic Committee shall suspend any exercise of duties and powers stipulated by the Rules of Procedure when the number of the Strategic Committee members is less than the required minimum number.

### **Chapter 3 Duties and Authorities**

**Article 8** The duties and responsibilities of the Strategic Committee include:

- (1) studying and supervising the basic operational situation of the Company;
- (2) analyzing and supervising the latest development of the domestic and overseas industries, relevant national policies and its effect on the Company's operation;
- (3) conducting studies and formulating the medium to long-term development strategies of the Company;
- (4) reviewing the medium to long-term strategic goals and development plans of each business and management segments of the Company;
- (5) formulating the medium to long-term strategic goals and development plans of the Company;
- (6) providing consultation and making recommendations on decisions on important matters such as the medium to long-term development strategies, major reforms of the Company and so on;
- (7) reviewing the business policies and the medium to long-term investment plans of the Company;
- (8) reviewing the major strategic investments of the Company;
- (9) other duties as authorized by the Board of Directors.

**Article 9** After conducting studies on the matters set out in the previous article hereof, the Strategic Committee shall submit the relevant materials and information to the Board of Directors for its consideration and decision in the form of report, recommendation or summary. The Strategic Committee shall, after considering the matters at the committee meeting, make and report the resolutions, together with the relevant proposals, relating thereto to the Board of Directors.

The Strategic Committee shall submit an annual work report to the Board of Directors within four months after the end date of each accounting year.

The Strategic Committee may engage external professionals to provide services, and the reasonable expenses incurred thereto shall be borne by the Company, provided that it shall ensure that the trade secrets of the Company shall not be leaked out.

**Article 10** When the Strategic Committee performs its duties, relevant departments of the Company shall give cooperation and the expenses incurred shall be borne by the Company.

#### **Chapter 4 Convening and Notices of Meetings**

**Article 11** The meeting of the Strategic Committee shall be convened by the chairman as necessary or by the request of a majority of members.

**Article 12** Meetings of the Strategic Committee can be classified into physical meetings and correspondence meetings. Meetings of the Strategic Committee shall be convened by way of physical meetings, or through correspondence meetings complemented by such technical means as video and teleconference except in emergency case or due to force majeure. If a correspondence meeting is adopted, members of the Strategic Committee who have signed on the meeting resolutions shall be deemed to have attended the relevant meeting and have agreed on the contents of the resolutions.

**Article 13** The Strategic Committee shall dispatch the meeting notice 3 days before the date of the meeting (exclusive of the date of the meeting).

**Article 14** The meeting notice of the Strategic Committee shall at least include the following items:

- (1) way of presentation, time and venue of the meeting;
- (2) duration of the meeting;
- (3) agenda of the meeting;
- (4) date of notice of the meeting.

**Article 15** The meeting notice may be delivered to all the Strategic Committee members and attendees by mail, facsimile, email or personal delivery. Subject to the consent of all members of the Strategic Committee, the foregoing requirement of notification may be waived.

### **Chapter 5 Consideration and Voting Procedures**

**Article 16** The Strategic Committee meeting may not be held unless a quorum of more than two thirds of its members is present.

**Article 17** The Strategic Committee meeting shall be chaired by the chairman who may designate another member of the Strategic Committee to chair the meeting if he/she is unable to chair the meeting for some reasons.

**Article 18** Any member of the Strategic Committee who is absent from the meeting twice successively without justified reasons, shall be considered as unable to perform his/her duty, and the Board of Directors of the Company may remove his/her position as a member.

**Article 19** Each member of the Strategic Committee shall have one vote and the resolutions made by the Strategic Committee and approved by over half of all members shall become valid.

**Article 20** If any member of the Strategic Committee have an interest in the matter to be discussed at the committee meetings, the interested member shall abstain. Where the number of members falls below the quorum for a meeting of the Strategic Committee as a result of the abstaining of interested members, the resolution shall be submitted to the Board of Directors for its consideration.

**Article 21** The Strategic Committee may, if considered necessary, invite other relevant personnel to attend the meetings to introduce the details or deliver opinions in relation to the resolutions to be discussed at the meetings, but the persons so present shall have no voting rights for not being members of the Strategic Committee.

**Article 22** The voting of the Strategic Committee resolution is done by a written voting on site or a show of hand on site. The chairman of the meeting shall count the votes on each proposal and announce the voting results on the spot, which shall be recorded by the minute taker, or the voting shall be made by absentee ballot.

## **Chapter 6 Resolutions and Minutes of Meetings**

**Article 23** Each proposal on which a prescribed number of valid votes are cast becomes a resolution of the Strategic Committee upon announcement by the chairman of the meeting. Resolutions of the Strategic Committee come into effect upon signature by members present at the meeting.

**Article 24** The Strategic Committee shall maintain a record of written meeting minutes on which members present and the minutes taker shall sign their names after reviewing the minutes. Members present shall have the right to request explanatory remarks on his speech at the meeting to be written down in the minutes.

**Article 25** The written documentation and minutes regarding such resolutions of the Strategic Committee shall be kept by the Company as a corporate archive for a period of no less than 15 years during the subsistence of the Company.

**Article 26** Members of the Strategic Committee who participate in the voting on a resolution shall be jointly liable for compensation to the Company should such resolution be in violation of laws, regulations, the Articles of Association or other relevant provisions and cause severe harm to the Company. However, if a member is proven to have cast their votes against such resolution and it was so recorded in the meeting minutes, he/she may be exempted from the liabilities.

## **Chapter 7 Supplementary Provisions**

**Article 27** Any matters not covered herein shall be implemented in accordance with the PRC laws, regulations, the Articles of Association and other relevant provisions.

**Article 28** The Board of Directors the Company shall be responsible for the interpretation of the Rules of Procedure.

**Article 29** The Rules of Procedure shall become effective from the date of approval by the Board of Directors.

*Note:* If there is any inconsistency between the English and Chinese versions of the Rules of Procedure, the Chinese version shall prevail.