

# Bank of Jinzhou Co., Ltd.

## Terms of Reference of the Audit Committee of the Board of Directors\* (2022 Version)

### Chapter 1 General Provisions

**Article 1** To improve the performance and efficiency of the audit supervision of the Bank of Jinzhou Co., Ltd. (the “**Bank**”) and to improve the corporate governance of the Bank, the Audit Committee of the Bank is hereby established and these Terms of Reference are formulated in accordance with relevant provisions of laws and regulations such as Company Law of the People’s Republic of China and the Corporate Governance Standards for Banking and Insurance Institutions, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the articles of association of the Bank (the “**Articles of Association**”) and the Rules of Procedures of the Board of Directors of the Bank.

**Article 2** The Audit Committee is a special working agency under the board of directors of the Bank. The Audit Committee shall perform its duties according to the Articles of Association, these Terms of Reference and the authorization by the board of directors and shall be accountable to the board of directors.

### Chapter 2 Composition of the Members

**Article 3** The Audit Committee comprises a minimum of three (3) directors, and all of them shall be non-executive directors, with a majority of them being independent directors. The members of the Audit Committee shall have professional knowledge and working experience in a particular field such as finance, auditing, accounting or legal, and at least one (1) of the independent directors shall have appropriate professional qualifications or accounting or related financial management expertise.

Former partners of external audit agency responsible for regular and legal audits on the financial reports of the Bank shall not, (i) within two (2) years after termination of such partnership, or (ii) within two (2) years after termination of his/her entitlement to financial benefits of such external audit agency (whichever comes later), act as the member of the Audit Committee of the Bank.

**Article 4** The Audit Committee members shall be nominated by the chairman of the board of directors or more than half of the independent directors or more than one third of all the directors, and shall be elected by the board of directors.

**Article 5** The term of office for a member of Audit Committee is consistent with his/her term of office as a director. After expiration of such term, a committee member may serve for another term if re-elected. During the term of office, the qualification of a committee member shall be terminated if such member no longer acts as a director of the Bank or loses the independence as stipulated in the Articles of Association which he/she should have possessed, and the board of directors shall fill the vacancy according to Articles of Association and these Terms of Reference.

**Article 6** The Audit Committee shall maintain one (1) chairman, and such chairman shall be an independent director. The chairman shall preside the work of the Audit Committee. The chairman shall be elected from the Audit Committee members and submit it for approval by the board of directors. The chairman shall work for the Bank for no less than twenty-five (25) working days each year.

**Article 7** The duties of the chairman of the Audit Committee shall include:

- (1) taking lead on the Audit Committee and ensure the Audit Committee work efficiently and discharge its duty;
- (2) convening and presiding the meeting of the Audit Committee and determining the meeting agenda for each meeting of the Audit Committee in accordance with these Terms of Reference;
- (3) to ensure all the committee members of relevant meetings understand the subject matters of the meetings and ensure each member can obtain complete and reliable information;
- (4) to ensure the committee member can discuss all key and appropriate matters and make clear conclusion for each subject matter;
- (5) to propose to convene extraordinary committee meetings;
- (6) other matters required by laws, administrative regulations, rules and the Articles of Association and authorized by the board of directors.

**Article 8** When the chairman is not able to or does not perform his/her duties, more than half of the committee members shall nominate one committee member to perform such duties.

**Article 9** The Audit Committee shall establish agencies, which shall consist of the working agencies and the secretary agency.

**Article 10** The internal audit department, the financial management department, the internal control compliance department and other relevant departments of the Bank are the working agencies of the Audit Committee and shall be responsible for preparing the meeting agenda, implementing the resolutions, attending the Audit Committee meetings and assisting the Audit Committee in conducting investigations and research; the office of the board of directors of the Bank is the secretary agency of the Audit Committee and shall be responsible for the organization of the meetings, arrangement of the meetings, notice of the meetings, preparation of the meeting draft resolutions, filing of the minutes of the meetings, the record and report of the meeting materials and the improvement of meeting documents, as well as assisting the Audit Committee in conducting investigations and research.

### Chapter 3 Principal Duties

**Article 11** The Audit Committee shall principally perform the following duties:

- (1) to review the Bank's accounting policies, financial reporting procedures and financial position, and to review the Bank's major financial policies and their implementation;
- (2) to propose the appointment and replacement of external auditors responsible for regular and legal audits on the financial reports of the Bank (the "**external auditors**"), to take appropriate measures to supervise the independence and objectivity of the external auditors and the effectiveness of audit procedures, to make a comprehensive and objective evaluation of the external auditors' completion of the audit work and the quality of their practice in the current year, and to report the final advice to the board of directors;
- (3) to be responsible for the Bank's annual audit work, to review the Bank's financial information and its disclosure, to review annual reports, interim reports and, if prepared for publication, quarterly reports, and to make judgment reports on the authenticity, accuracy, completeness and timeliness of the financial report information to submit to the board of directors for deliberation;
- (4) to review on a timely basis the audit statement issued by external auditors to the senior management of the Bank, as well as the major queries raised by the external auditors to the senior management regarding accounting records, financial accounts or internal control systems, and the senior management's response, and to procure the board of directors to duly respond to the external auditors;
- (5) to coordinate the communication between the internal audit department and external auditors, and to urge the Bank to ensure that the internal audit department has sufficient resources to operate and has an appropriate position;
- (6) to supervise the Bank's internal audit system and its implementation, and to evaluate the work procedures and effectiveness of the internal audit department;
- (7) to review the Bank's risk and compliance status, and to audit major related party transactions;
- (8) to continue to supervise the internal control system of the Bank, and to consider major investigation findings on internal control matters as delegated by the board of directors or on its own initiative and the senior management's response;
- (9) to evaluate the mechanism by which staff of the Bank report financial reports, internal controls or other improprieties to ensure that the Bank conducts fair and independent investigation of the reported matters and takes appropriate follow-up actions;
- (10) other matters required by laws, administrative regulations, rules and the Articles of Association and authorized by the board of directors.

**Article 12** The chief audit officer or person in charge of audit shall be accountable to and report to the board of directors and the Audit Committee. The internal audit department shall be accountable to and report to the chief audit officer or person in charge of audit. The internal audit work shall be independent of the operation and management of the Bank. The Bank shall provide the necessary conditions for the Audit Committee and if needed, the Audit Committee can engage external experts or agencies to offer professional opinions for its decision-making, and related reasonable fees shall be borne by the Bank. The Audit Committee shall provide coordination to the board of supervisors to discharge its supervision functions.

**Article 13** The opinions and suggestions provided by the Audit Committee based on its investigation and study shall only be for the board of directors' reference when the board of directors reviews relevant resolutions. Such opinions and suggestions shall not constitute proposal of resolution and the board of directors shall not make resolutions on these opinions and suggestions. If the Audit Committee provides opinions and suggestions to the board of directors in the form of resolutions, the board of directors shall review and make resolutions accordingly.

The Audit Committee shall provide opinions and suggestions to the board of directors in written form and shall provide interpretation and explanation on the meeting of the board of directors based on its meeting agenda.

**Article 14** The Audit Committee shall be entitled to request the senior management of the Bank to provide sufficient support for its work and to discuss the internal control system with the senior management to ensure that the senior management has performed its duties to establish an effective internal control system.

The senior management shall provide full answers timely to the inquiries made by the Audit Committee and ensure that the Bank's accounting, finance and internal audit functions have sufficient resources to operate, including relevant staff with sufficient qualifications and experience, and sufficient expenditure budget for staff to receive trainings.

The senior management and relevant departments shall provide support and coordination to the Audit Committee for its work and provide information necessary for the Audit Committee to discharge its duties on a timely basis. The information provided to the Audit Committee shall be complete and the form and substance of such information shall enable the Audit Committee to make a decision based on such materials.

#### **Chapter 4 Rules of Procedures**

**Article 15** The meetings of the Audit Committee include regular meetings and extraordinary meetings.

**Article 16** The regular meetings of the Audit Committee shall be convened at least twice a year, which will be held according to the dates of the annual and interim financial reports. The regular meetings shall be convened and presided by the chairman of the Audit Committee. The office of the board of directors shall notify all the members of the Audit Committee five (5) days prior to the regular meetings and such notice period can be waived with the consent of all the members of the Audit Committee.

The Audit Committee must meet, at least twice a year, with the external auditors.

**Article 17** The chairman shall convene a committee meeting when any of the following occurs:

- (1) the board of directors proposes;
- (2) the chairman of the board of directors proposes;
- (3) the president proposes;
- (4) two or more members propose;
- (5) the chief audit officer or person in charge of audit proposes.

The chairman may convene an extraordinary meeting when he/she considers it necessary.

Members of the Audit Committee can make proposal on the subject matters of the meetings jointly or severally and the chairman shall put these matters into the meeting agenda.

The office of the board of directors shall notify the members three (3) days before the extraordinary meetings. If it is necessary to convene an extraordinary meeting as soon as possible due to emergencies, a meeting notice may be given by phone or other oral means at any time, but the convener shall make an explanation at the meeting.

**Article 18** The office of the board of directors shall provide relevant materials to the members when giving the meeting notice, including the background material, information and data which will help the members make a judgment. The working agency of the Audit Committee shall ensure the above mentioned material be timely, accurate, complete and formal.

**Article 19** Members of the Audit Committee shall attend the committee meetings in person. If he/she cannot attend the meeting, he/she shall authorize other committee members as proxy with written proxy. However, an independent director shall not authorize any non-independent director to attend and vote at the meeting as a proxy. The principal shall independently assume legal responsibility. In principle, a member shall not accept authorization from more than two members who cannot attend the meeting in person.

The power of attorney shall specify the name of proxy, matters, authority, valid period and brief opinions on each proposal raised by the principal and shall be executed or sealed by the principal.

Members who do not attend such meeting and do not authorize other members to attend such meeting as his or her proxy, will be deemed to abstain from voting on such meeting.

**Article 20** The quorum of a meeting of Audit Committee is two thirds of the number of committee members. Each member shall have one vote. A resolution shall be passed if approved by more than half of the total number of the committee members. Any member who has interests in the matters deliberated in the meeting shall abstain from voting. If the number of members who participate in the voting are less than three due to the above reason, the Audit Committee shall submit the relevant matters to the board of directors for consideration.

**Article 21** A meeting of the Audit Committee may be convened by way of on-site meeting (including video and telephone dial-in) or by circulation of a written resolution. The voting method for the meetings convened by way of on-site meeting is by hand or on a poll.

**Article 22** When reviewing relevant matters or proposals, members who attended such meeting shall take a serious attitude to express advice and suggestions on an independent and sufficient basis and shall be responsible for his or her voting.

**Article 23** The Audit Committee shall continually follow the changes of and effect arising from the relevant matters of the Bank which fall into its duties and request the Audit Committee to pay particular attention.

**Article 24** If the Audit Committee deem necessary, the Audit Committee can invite the chairman of the board of directors, other directors, supervisors, secretary to the board of directors and other senior management, external auditor, other relevant personnel or professional parties to attend its meeting as non-voting delegates.

**Article 25** If the Audit Committee deem necessary, the Audit Committee may request the head of relevant departments of the Bank or their designated personnel to attend its meeting as non-voting delegates and make presentation on the subject matters of the meeting and respond to inquiries.

**Article 26** Relevant staff from the office of the board of directors shall attend the meeting of the Audit Committee as non-voting delegates and shall be responsible for meeting minutes and resolutions (if any). All members attending the meeting shall sign the minutes and resolutions (if any). Members present at a meeting are entitled to incorporate an explanatory statement to his or her speech at the meeting in the minutes. The meeting minutes shall contain detailed records of the matters considered and decisions made by the members at the meeting, and shall include any doubts or objections expressed by the members. For the meeting convened by way of correspondence, the opinions of members of the Audit Committee shall be recorded or sent by the members of the Audit Committee through emails to the person who prepares the meeting minutes. The meeting minutes shall be kept permanently by the office of the board of directors of the Bank.

**Article 27** After the meeting of the Audit Committee is finished, the chairman or the person who presides such meeting shall report the status of the meeting to the chairman of the board of directors and the members who do not attend such meeting.

**Article 28** The resolutions and voting results passed at the meeting of the Audit Committee shall be submitted to the board of directors in written form.

**Article 29** Any person who presents at meetings shall keep the subject matters of such meetings in confidentiality, and shall not disclose the information without authorization.

**Article 30** For the resolutions of the Audit Committee that violate laws, administrative regulations, rules, the Articles of Association and these Terms of Reference and cause severe losses to the Bank, the members of the Audit Committee who voted on such meeting shall make compensation to the Bank. The members of the Audit Committee who express different views and have a written record for such views, he or she can be exempted from relevant liabilities.

## Chapter 5 Supplementary Provisions

**Article 31** Unless otherwise specified, the terms used herein shall have the same meanings as those in the Articles of Association.

**Article 32** These Terms of Reference shall become effective upon approval by over half of the board of directors and the amendments shall be the same.

**Article 33** Any matters that are not covered herein shall be handled in accordance with laws, administrative regulations, rules, the listing rules of the place where the shares of the Bank are listed and the provisions of the Articles of Association.

**Article 34** For the purpose of these Terms of Reference, references to “more” shall include the actual figures, while references to “over” and “more than” shall exclude the actual figures.

**Article 35** The board of directors shall have the right to interpret and revise these Terms of Reference.

\* *Should there be any discrepancy between the Chinese and English versions of these Terms of Reference of the Audit Committee, the Chinese version shall prevail.*