

**Zijin Mining Group Co., Ltd.\***  
(the “Company”)

**This is an unofficial English translation and is for reference only. In case of any discrepancies, the Chinese version shall prevail over its English version.**

Implementation Policy for the Audit and Internal Control Committee of  
the Board of Directors  
(25 March 2016)

**Chapter 1 General Provisions**

Article 1 In order to strengthen the decision-making functions of the board of directors, ensure an effective supervision of the board of directors over the management and perfect the structure of corporate governance of the Company, the Company specifically set up an audit and internal control committee of the board of directors and formulated this implementation policy in accordance with the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Corporate Governance Code of The Stock Exchange of Hong Kong Limited, A Guide For Effective Audit Committees of the Hong Kong Institute of Certified Public Accountants, and the national Basic Standard for Enterprise Internal Control, articles of association of the Company and other relevant provisions.

Article 2 The audit and internal control committee of the board of directors is a special committee established under the board of directors. It is specifically responsible for the communications, supervision and verification of the Company’s internal and external audit, internal control and risk management systems.

**Chapter 2 Composition of the Committee**

Article 3 The audit and internal control committee consists of seven directors, among which, four members should be independent directors. One of those independent directors shall have a background in professional accounting.

Article 4 The committee members of the audit and internal control committee shall be nominated by the chairman of the board of directors, more than half of the independent

directors or one-third of all the directors. The committee members are elected by the board of directors.

Article 5 The audit and internal control committee shall be chaired by an independent director. The chairman is responsible for the operation of the committee. The chairman of the committee is elected among the committee members and approved by the board of directors.

Article 6 The term of service for the committee members of the audit and internal control committee is consistent with the term of service for the board of directors. The committee members can be re-elected at the expiration of their term of service. If any one of the committee members no longer serves as the Company's director, he will be disqualified as a committee member automatically and the vacancy will be filled up in accordance with the provisions of the above articles 3 to 5.

Article 7 A supervision and audit office carries out the daily work of the audit and internal control committee whilst the Board of Directors Office is in charge of work liaison, conference organisation, materials preparation and archive management, etc. The Company's functional units shall be responsible for providing the necessary information. The audit and internal control committee may second the relevant staff to form a working team if the work so requires.

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

Article 8 The major duties and authorities of the audit and internal control committee are:

- (1) Propose the appointment or replacement of external auditors;
- (2) Oversee the Company's internal audit system and its implementation;
- (3) Bear responsibility for the communication between internal auditors and external auditors;
- (4) Review and verify the Company's financial information (including the drafts of annual report, interim report and quarterly reports) and its disclosure;
- (5) Review the Company's internal financial reporting, internal control and risk management systems, audit the material connected transactions;
- (6) Discuss with the management about the internal control and risk management systems; ensure that the management has discharged its duty in establishing effective systems. This discussion should include the adequacy of resources,

staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

- (7) Inspect and supervise the internal control and risk management systems of the Company, evaluate their comprehensiveness, security and effectiveness and coordinate with the internal control audits and other related matters.
- (8) Be responsible for all other duties and matters as stipulated in the rules, codes, etc. which are formulated by The Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited, including the items listed in Appendix 1.
- (9) Other matters as authorised by the board of directors of the Company.

Article 9 The audit and internal control committee is accountable to the board of directors. The proposals of the audit and internal control committee shall be submitted to the board of directors for consideration and approval. The audit and internal control committee should cooperate with the supervisory committee for supervision and audit activities.

#### **Chapter 4 Meeting Materials and Matters for Consideration**

Article 10 The functional units of the Company are responsible for the preparatory work prior to the audit and internal control committee's meetings and shall provide the Company with the following information in writing:

- (1) The Company's relevant financial reports and status of external disclosure;
- (2) Internal audit office's working reports;
- (3) External auditors' contract and relevant working reports;
- (4) Audit report of the Company's material connected transactions;
- (5) Relevant reports of the Company's internal control and risk management;
- (6) Other related matters.

Article 11 The audit and internal control committee shall evaluate the aforesaid reports and relevant matters and advise on the following aspects based on their reviews:

- (1) Evaluation, appointment and replacement of the external auditors;
- (2) Effectiveness of the implementation of the Company's internal audit system and comprehensiveness and truthfulness of the Company's financial reports;
- (3) The objectiveness and truthfulness of the Company's financial reports to be disclosed and the compliance with relevant laws and regulations of the Company's material connected transactions;

- (4) Appraisal of the Company's finance department, audit department and its person-in-charge;
- (5) Evaluation and audit opinions of the effectiveness of the Company's internal control and risk management; and
- (6) Other related matters.

## **Chapter 5 Meeting Procedures**

Article 12 The audit and internal control committee shall have regular meetings and extraordinary meetings. Regular meetings must be convened at least four times a year, once every quarter. Two or more committee members or the committee chairman can propose convening an extraordinary meeting. All members shall be notified seven days before the convention of a meeting. The committee chairman presides over the meetings, in case the committee chairman is unable to attend, he may appoint one of the committee members (independent director) to preside over the meeting.

Article 13 The audit and internal control committee's meeting shall only be convened in the presence of more than two-thirds of the committee members; each committee member shall have one vote; a resolution shall be passed by at least over half of all the committee members.

Article 14 The audit and internal control committee shall vote on a resolution by showing of hands or a poll; extraordinary meetings can be convened by way of telecommunication.

Article 15 The chief financial officer, manager of finance department and representatives of external auditors are generally required to attend the meetings of the audit and internal control committee. If necessary, other directors, supervisors and senior management of the Company may also be invited to attend the meetings.

Article 16 The audit and internal control committee may, if necessary, engage intermediate institutes to provide professional advice for their decisions. The cost of which shall be borne by the Company.

Article 17 The procedures of convening meetings, voting methods and passing resolutions at the committee meetings must comply with the stipulations of the relevant laws, regulations, the articles of association and this policy.

Article 18 The meetings of the audit and internal control committee shall be

documented with minutes which shall be signed by all the committee members present at the meetings and shall be kept by the Board of Directors Office.

Article 19 The opinions, summaries and resolutions passed at the meetings of the audit and internal control committee shall be reported in writing to the board of directors of the Company.

Article 20 The committee members and all other persons present at the meetings shall keep confidential about the discussion at the meetings and shall not disclose any relevant information without approval.

### **Chapter 6 Procedures for the Preparation of Annual Report**

Article 21 The members of the audit and internal control committee shall earnestly and diligently perform their responsibilities and obligations in the processes of the preparation, review and disclosure of the Company's annual report.

Article 22 After the end of each financial year, the Company's financial head shall, depending on the Company's actual circumstances, draft a timetable for the Company's annual audit of the financial report, submit it to the audit and internal control committee and the accounting firm which is responsible for an annual audit of the Company's financial report (hereinafter referred to as "CPAs in charge of annual audit").

Article 23 The members of the audit and internal control committee must communicate with the board of directors and the senior management. The committee must meet with the Company's CPAs in charge of annual audit (auditors) at least twice a year. The audit and internal control committee shall communicate and coordinate with the CPAs in charge of annual audit in good order in relation to the audit of annual report. The audit and internal control committee shall negotiate with the CPAs in charge of annual audit to determine the overall arrangements for the audit of the annual financial report.

Article 24 The time and arrangement for the Company's annual audit of the financial report shall be determined after negotiation between the audit and internal control committee and the accounting firm.

Article 25 The audit and internal control committee of the board of directors shall review the Company's financial report and produce a written report on it before the CPAs in charge of annual audit start its annual field audit.

Article 26 After the audit field work begins, the audit and internal control committee of the board of directors shall communicate with the CPAs in charge of annual audit more intensively. The committee shall review and produce written comments again after the issue of a preliminary report by the CPAs in charge of annual audit. The audit and internal control committee shall consider any material or extraordinary items which are/should be reflected in the reports and accounts, and appropriately consider any issues raised by the Company's staff responsible for the accounting and financial reporting function, supervisory officers or auditors.

Article 27 After the completion of the audited annual report, the audit and internal control committee of the board of directors shall convene a meeting for the consideration and approval of the report, and submit their respective advices to the board of directors.

Article 28 The audit and internal control committee has rights to obtain reports on the progress of the accounting firm's audit work and any issues found during the audit. The committee also has rights to supervise the accounting firm to complete the audit report on the agreed time. The committee shall record the manner, frequency and results of the supervision in writing and these records shall be signed and confirmed by the relevant staff in charge.

Article 29 On the submission of financial report to the board of directors, the audit and internal control committee shall also submit a summary report of the annual audit prepared by the accounting firm for current year together with the committee's opinions on the re-appointment or replacement of auditors for the following year's audit. The above-mentioned documents approved by the audit and internal control committee shall be disclosed in the annual report.

Article 30 The Company in principle shall not change the accounting firm during the annual audit. If it is necessary, the audit and internal control committee of the board of directors shall meet with the former accounting firm and the proposed new accounting firm, evaluate reasonably the quality of their practices and provide opinions on the adequacy of the reasons for the decision of replacement. After a resolution is passed by the board of directors, a shareholders' general meeting shall be convened to resolve the change. The accounting firm to be dismissed shall be notified to attend and make presentation at the shareholders' general meeting. The Company shall disclose sufficiently the resolution made at the shareholders' general meeting and the presentation made by the dismissed accounting firm.

On re-appointment of CPAs in charge of annual audit for the following year, a comprehensive and objective evaluation on the status and the quality of audit work completed by the CPAs in charge of annual audit for the current year should be made by the audit and internal control committee. An affirmative or negative opinion shall be made by the committee and be submitted to the board of directors.

When the CPAs in charge of annual audit for the following year shall be replaced, the audit and internal control committee shall physically meet and communicate with the former accounting firm and the proposed new accounting firm for replacement. After obtaining a full understanding and appropriate evaluation of the situation, the committee shall form an opinion on it and submit to board of directors for approval and a shareholders' general meeting shall be convened for the replacement.

The above-mentioned communication, evaluation opinions and proposals made by the audit and internal control committee of the board of directors shall be recorded in writing and signed by the relevant personnel. The change of auditors shall be reported to the relevant local securities regulatory authorities at the place of the Company's registration within 3 business days after the disclosure of resolution is made at the shareholders' general meeting.

Article 31 The Company's finance department is responsible for coordination and communication between the audit and internal control committee of the board of directors and the CPAs in charge of annual audit; providing the audit and internal control committee of the board of directors with the necessary conditions to discharge their duties in the preparation of annual report.

### **Chapter 7 Supplementary**

Article 32 This policy shall become effective from the date of the resolution passed by the board of directors.

Article 33 For matters not described or covered in this policy, the relevant laws, regulations and the Company's articles of association shall be followed. In the event that this policy contravenes the laws and regulations as promulgated in future or the articles of association as modified in accordance with laws, the up-to-date laws, regulations and the articles of association will prevail and this policy shall be amended promptly and

reported to the board of directors for approval.

Article 34 The power of interpretation of this policy is vested in the board of directors of the Company.



## **APPENDIX 1**

### **Relationship with the Company's auditors:**

- (a) to be primarily responsible for making recommendations to the board of directors on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and handle any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (d) to formulate and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm, or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The audit and internal control committee should report to the board of directors and make recommendations on any matters where action or improvement is needed;

### **Review of the Company's financial information:**

- (e) to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting opinions contained in them;
- (f) in reviewing the reports and accounts as mentioned in paragraph (e) above before the submission to the board of directors, the audit and internal control committee should focus particularly on:
  - i. any changes in accounting policies and practices;
  - ii. major judgmental areas;
  - iii. significant adjustments resulting from audit;
  - iv. the going concern assumptions for the Group and any qualifications;
  - v. compliance with accounting standards; and
  - vi. compliance with the listing rules and legal requirements in relation to financial reporting;
- (g) Regarding (e) and (f) as mentioned above:

- i. members of the committee must liaise with the board of directors and senior management and the audit and internal control committee must meet, at least twice a year, with the Company's auditors; and
- ii. the audit and internal control committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

**Oversight of the Company's internal financial reporting system, internal control and risk management systems:**

- (h) to review the Company's financial controls, and unless expressly addressed by a separate risk committee under the board of directors, or by the board of directors itself, to review the Company's risk management and internal control systems;
- (i) to discuss the internal control and risk management systems with management to ensure that management has discharged its duty to establish effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (j) to consider the risk management and major investigation findings of internal control matters as delegated by the board of directors or on its own initiative and management's response to these findings;
- (k) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (l) to review the group's financial and accounting policies and practices;
- (m) to review the management letter provided by the external auditor to the management, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (n) to ensure that the board of directors will provide a timely response to the issues raised in the external auditor's management letter;
- (o) to review the following arrangements of the Company: employees of the Company can discreetly raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit and internal control committee should ensure that proper arrangements are in place for fair and independent investigation of such matters and for appropriate follow-up

action;

- (p) to act as the key representative between the Company and the external auditors and take responsibility in overseeing their relationship;
- (q) to report to the board of directors on the matters set out in the above-mentioned; and
- (r) to consider and execute other matters delegated by the board of directors.

\*The English name of the Company is for identification purpose only