

China Molybdenum Co., Ltd.
Detailed Working Rules of the Audit and Risk Committee



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The Detailed Working Rules are made in both Chinese and English. In case of any inconsistency between the two versions, the Chinese version shall prevail.

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Chapter One General Provisions

Article 1 In order to improve the financial and risk management system of China Molybdenum Co., Ltd. (hereinafter referred to as “Company”), strengthen the decision-making function of the Company’s Board of Directors, and ensure the effective supervision of the daily management of the Company by the Board of Directors, the Board of Directors of the Company hereby resolves to set up the Audit and Risk Committee under the Board of Directors (hereinafter referred to as the “Audit and Risk Committee”) as the professional deliberation body and supervision body of the Board of Directors for the supervision of the Company’s financial, auditing and risk management policies.

Article 2 In order to promote standardized and efficient operation, the Board of Directors has formulated these Detailed Working Rules (the “Detailed Working Rules”) in accordance with the relevant laws, regulations and regulatory documents such as the Company Law of the People’s Republic of China (the "Company Law"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the “Listing Rules”), the Guidelines on the Operation of Audit Committees of Companies Listed on Shanghai Stock Exchange, as well as the articles of association of the Company (the "Articles of Association"), etc., and in light of the characteristics and actual status of the audit and risk management work of the Company.

Article 3 The Audit and Risk Committee is a special advisory body under the Board of Directors, which is mainly responsible for the communication, supervision and verification of the internal and external audits of the Company, and supervision and reviews of their work, as well as examining and supervising the financial reporting system and the risk management system of the Company. The Audit and Risk Committee shall report and be accountable to the Board of Directors.

Article 4 The resolutions made by the Audit and Risk Committee shall comply with the Company Law, the Articles of Association, the Listing Rules, the Detailed Working Rules, and the requirements of other relevant laws and regulations.

Chapter Two Composition

Article 5 The Audit and Risk Committee shall consist of at least three non-executive directors of the Company, the majority of whom shall be independent non-executive directors. In addition, one of the members in the capacity of an

independent non-executive director must be equipped with appropriate professional qualification or appropriate accounting or related financial management expertise. The members of the Audit and Risk Committee shall be appointed by the Board of Directors.

Article 6 The Audit and Risk Committee shall have a Chairman who shall be appointed by the Board of Directors amongst the committee members and shall be an independent non-executive Director.

The Chairman of the Audit and Risk Committee shall be responsible for convening and presiding over the meetings of the Audit and Risk Committee. In the event that the Chairman fails or is unable to perform his or her duties, he or she shall designate another committee member to act on his or her behalf.

Article 7 If a former partner of the Company's existing audit firm is a non-executive Director of the Company, he should be prohibited from acting as a member of the Audit and Risk Committee within two years from the date when he is no longer a partner of the audit firm or from the date when he no longer has any financial interest in the audit firm (whichever is later), or within other time periods stipulated by the Listing Rules.

Article 8 The term of office of the members of the Audit and Risk Committee shall be the same as that of the Directors of the Board of Directors of the same session. If any member of the Audit and Risk Committee ceases to hold the position of Director of the Company during his or her term of office, his or her membership of the Audit and Risk Committee shall automatically terminate.

Article 9 If the number of the members of Audit and Risk Committee is less than three due to the resignation or removal of the members or for other reasons, the Board of Directors of the Company shall appoint new members as soon as possible.

The Audit and Risk Committee shall suspend performance of its duties and powers under the Detailed Working Rules until there are three members as required.

Article 10 The Audit and Risk Committee shall have a secretary who shall be either the director of the office of the Board of Directors or a suitable person appointed by the Audit and Risk Committee.

Article 11 The main responsibilities of the secretary of the Audit and Risk Committee shall be as follows:

- (1) to keep the minutes of the meetings of the Audit and Risk Committee;

- (2) upon reasonable requests of any member of the Committee, to make the relevant minutes of the meetings available for inspection within any reasonable period of time;
- (3) to ensure that the draft and the final version of the minutes of the meetings are sent to all members of the Audit and Risk Committee within a reasonable time after the meetings. The draft minutes are sent to seek the comments from the Committee members and the final version of minutes are sent for their record;
- (4) to be responsible for the supervision and implementation of the resolutions of the Audit and Risk Committee, and for reporting the status of the Company's audit and risk management issues to the Audit and Risk Committee.

Chapter Three Duties and Powers

Article 12 The Audit and Risk Committee shall be responsible for supervising and evaluating the internal and external audits of the Company, examining and supervising the Company's financial information and its disclosure, supervising and evaluating the Company's risk management and internal control (both financial and non-financial), and assisting the Board of Directors in fulfilling its audit and risk management duties.

Article 13 The Audit and Risk Committee shall have the following duties and powers:

(I) With Respect to Auditing and Financial Supervision

1. to make recommendations to the Board of Directors on the appointment, reappointment and dismissal of the external auditor and on the terms of engagement and remunerations of the external audit institution, and to handle any issues relating to the resignation or dismissal of the external auditor;
2. to examine and monitor the external auditor's independence and objectivity and offer its opinions;
3. to review and monitor the effectiveness of the audit process in accordance with applicable standards and to discuss with external auditor the nature and scope of the audit and the related reporting obligations before the audit commences, and offer its opinions;

4. to develop and implement policies on non-audit services to be provided by external auditors; For the purposes of this Paragraph 4, external auditors shall include any entity that is under common control, ownership or management with the audit firm, or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally;
5. to review the Company's financial and accounting policies and practices, and the draft annual reports, to supervise the integrity of the financial statements, annual reports and accounts, semi-annual reports and quarterly reports of the Company, and to review the important conclusions on financial reporting contained therein and make suggestions;
6. in reviewing the annual reports and accounts, semi-annual reports and quarterly reports of the Company before submission to the Board of Directors, the Audit and Risk Committee should focus particularly on:
 - (1) the consistency of the accounting policies and practices (including year to year and between the members of the group), and any change in the accounting policies and practices;
 - (2) parts related to important judgments;
 - (3) significant adjustments resulting from audit;
 - (4) the going concern assumptions and any qualified opinions;
 - (5) compliance with accounting standards; and
 - (6) compliance with the Listing Rules and other legal requirements in relation to financial reporting.
7. to report to the Board of Directors those matters believed by it requiring actions or improvements and provide advice on steps to be taken;
8. to ensure that the internal auditor and the external auditor are coordinated at work, to ensure that the internal audit department has sufficient resources to operate within the Company and is in an appropriate position, and to examine and supervise the effectiveness of the internal audit functions;
9. to examine on a yearly basis the adequacy of the resources, the qualifications and experience of employees in connection with the Company's financial accounting, financial reporting, risk management and

internal control functions, as well as the adequacy of the training courses received by employees and the related budgets;

10. to examine the Audit Description Letter issued by the external auditor to the management, any major questions raised by the external auditor to the management regarding the accounting records, financial accounts, risk management or internal control, and the response from the management;
11. to ensure that the Board of Directors responds in a timely manner to the matters described in the Audit Description Letter issued by the external auditor to the management;
12. to review arrangements under which employees may raise concerns about the possible inappropriate financial reporting, risk management, internal control or other matters under the condition of confidentiality. The Audit and Risk Committee shall ensure that the Company has appropriate arrangements to fairly and independently investigate the relevant matters and to take appropriate follow-up actions;
13. to evaluate the effectiveness of the channels through which the Company's employees may report the misconducts which may occur in the financial management, risk management and internal control or other aspects, and to ensure that the Company can conduct fair and independent investigations and take appropriate actions on the above matters;
14. to supervise the relationship between the Company and the external auditor as the main representative of the Company's Board of Directors.

(II) With Respect to Risk Management and Internal Monitoring

1. to review the Company's financial monitoring, and to review the Company's risk management and internal control system (unless being definitely dealt with by another risk committee under the Board of Directors or the Board of Directors itself);
2. to discuss the risk management and internal control systems with the management to ensure that the management has discharged its duty to establish an effective system and to settle the procedural issues of serious internal control deficiencies;
3. to consider any findings of major investigations of risk management and internal control matters as delegated by the Board of Directors on its own initiative and consider any internal findings and the management's responses;

4. to evaluate and perfect the risk management procedures and ensure the current and future rationality, effectiveness and feasibility thereof;
5. to report all matters mentioned above to the Board of Directors, and to consider and handle any other matters delegated by the Board of Directors to the Audit and Risk Committee to be handled.

(III) In regard to the above provision, the Audit and Risk Committee shall go through the following procedures:

1. The members of the Audit and Risk Committee must liaise with the Board of Directors, senior management and the persons appointed as the external auditors of the Company; the Audit and Risk Committee shall hold meetings with the external auditor at least twice a year;
2. The Audit and Risk Committee shall consider any material or unusual items that are reflected or need to be reflected in the relevant reports and accounts, and must give due consideration to any matters that have been raised by the Board of Supervisors or compliance advisor or the external auditor of the Company;
3. The Audit and Risk Committee shall hear the report on the Company's risk management and internal control at least once a year;
4. The Audit and Risk Committee shall study the results of the important risk assessment and the results of the internal control evaluation, and hear the feedback from the management;
5. The Audit and Risk Committee shall review whether the Company's risk management and internal control system has sufficient resources to operate and has appropriate independence, and review whether the supervision of such risk management and internal control system is effective;
6. The Audit and Risk Committee shall review the related matters such as the Company's risk management and internal control to be disclosed in the Company's annual report before submission to the Board of Directors for examination and approval; and
7. The Audit and Risk Committee shall deliberate the matters raised by the management on the perfection and improvement of the Company's risk management and internal control, and provide opinions and suggestions to the Board of Directors based on the deliberation.

(IV) The Audit and Risk Committee shall be responsible for other matters authorized by the laws and regulations, the Articles of Association and the Board of Directors.

Article 14 After considering the matters set out in the preceding article in accordance with the Detailed Working Rules, the Audit and Risk Committee shall form a meeting resolution of the Audit and Risk Committee, and report such resolution to the Board of Directors together with relevant proposals.

Article 15 The Audit and Risk Committee shall meet with the internal auditors at least once every six months to discuss the internal audit. The internal auditors shall point out the significant matters and results which they consider should be informed or brought to the attention of the Audit and Risk Committee. In order to prepare for such internal discussions, the internal auditors shall provide each member of the Audit and Risk Committee with an internal audit report or an summary of report of the Company and its affiliates as required through the secretary of the Audit and Risk Committee. The report on activities of the Audit and Risk Committee in each financial year shall also be submitted to the Board of Directors.

Article 16 The Chairman of the Audit and Risk Committee or (in his absence) another member of the Audit and Risk Committee (who must be an independent non-executive Director) shall attend the Company's annual general meeting and respond to the queries from shareholders regarding the activities and responsibilities of the Audit and Risk Committee.

Article 17 The Audit and Risk Committee shall have the right to inspect all accounts, books and records of the Company.

Article 18 The Audit and Risk Committee shall have the right to request the management of the Company to provide any information on the financial situations of the Company, its affiliates or related companies which is necessary for the performance of its functions.

Article 19 The Audit and Risk Committee may approach the executive Directors, other administrative personnel or employees, external auditors and internal auditors of the Company without any restrictions. The external auditors and the internal auditors shall have the right to consult the Audit and Risk Committee without notifying the management. The Audit and Risk Committee shall also have the right to consult the external auditors and internal auditors without notifying the management, or to consult the management without notifying the external and internal auditors.

Article 20 Directors concurrently being members of the Audit and Risk Committee may,

with the consent of the Board of Directors, seek independent professional advice and Risk Committee to perform their responsibilities to the Company as members of the Audit and Risk Committee at the Company's expense.

Article 21 When exercising its functions and powers, the Audit and Risk Committee shall comply with the relevant provisions of the Company Law, the Articles of Association, the Listing Rules and the Detailed Working Rules, and shall not damage the interests of the Company or its shareholders.

Chapter Four Convening of Meetings

Article 22 The meetings of the Audit and Risk Committee comprise regular meetings and extraordinary meetings.

The Audit and Risk Committee shall hold at least two regular meetings in each fiscal year and if it needs to review the quarterly reports, at least four regular meetings each year. The main purposes of regular meetings are to deliberate the Company's financial reports and periodic reports, and review the Company's risk management and internal control systems. The time of the meetings shall be determined by the Chairman of the Audit and Risk Committee.

An extraordinary meeting may be convened at the request of the Chairman of the Board of Directors, the Committee Chairman or the joint request of two or more members of the Audit and Risk Committee. The Company's external auditors may also propose to convene an extraordinary meeting if it deems necessary.

Article 23 The meeting of the Audit and Risk Committee may be held by way of a physical meeting or by means of communication. Communication methods include but are not limited to: conference calls, video conferences, email circulation, etc..

In the case of voting by means of communication, members who sign on the resolutions of meetings shall be considered to be present at such meetings and to agree with such resolutions.

Article 24 The regular meetings of the Audit and Risk Committee shall be notified in writing or via an e-mail followed by telephone, and extraordinary meetings may be notified by phone, e-mail or other prompt means of communication.

If the notice is sent through a prompt means of communication such as e-mail, the recipient will be deemed to have received the meeting notice if no written objection is received by the Company within 2 days from the date when the

notice is sent.

Article 25 The notice of a regular meeting of the Audit and Risk Committee shall be sent 14 days before the meeting (excluding the day on which the meeting is held, the same below), and the notice of an extraordinary meeting shall be sent at least 5 days before the meeting. The materials of the meeting shall be distributed to all members of the Audit and Risk Committee 3 days before the meeting, unless all members unanimously agree to exempt such time limit for notice. Notwithstanding the foregoing, members attending the meeting shall be deemed to have exempted the above time limit for notice.

The secretary of the Audit and Risk Committee or the designated person of the office of the Board of Directors shall be responsible for sending the notice of meetings and the related meeting materials.

Article 26 A meeting notice of the Audit and Risk Committee shall include at least the following information:

- (1) the time and venue of the meeting;
- (2) the duration of the meeting;
- (3) matters to be discussed at the meeting;
- (4) the contact person of the meeting and the contact information; and
- (5) the date of the meeting notice.

Article 27 The Audit and Risk Committee and the representatives of the Company's external auditors shall hold at least one meeting each year without the presence of the management (other than those invited by the Audit and Risk Committee).

Article 28 At the invitation of the Audit and Risk Committee, the following persons may attend the meeting as non-voting observers:

- (1) the head or (in his absence) the representative of the internal audit;
- (2) the CFO of the Company;
- (3) other members of the Board of Directors; and
- (4) other members of the management.

Chapter Five Consideration and Voting Procedures

Article 29 The meeting of the Audit and Risk Committee may not be held unless no less than two-thirds of the members of the Audit and Risk Committee are present, and one of them must be an independent non-executive Director.

The Directors who are not members of the Audit and Risk Committee may attend the meeting of the Audit and Risk Committee, but such Director's opinions on the proposals of the meeting shall not be considered as formal deliberation opinions, and they do not have voting rights.

Article 30 A member of the Audit and Risk Committee may attend the meeting in person, or appoint another member to attend the meeting as his or her proxy, to issue deliberation opinions and exercise his or her voting rights.

A member of the Audit and Risk Committee may appoint only one other member to exercise the voting rights as his or her proxy each time, and an appointment of two or more members as proxies shall be invalid. Each member of the Audit and Risk Committee can only accept the appointment of one other member.

Article 31 A member of the Audit and Risk Committee who appoints another member to attend, deliberate and vote at the meeting as his or her proxy shall submit a power of attorney to the chairman of the meeting. The power of attorney shall be submitted to the chairman of the meeting before the meeting.

Article 32 The power of attorney shall include at least the following information:

- (1) the name of the appointer;
- (2) the name of the proxy;
- (3) the matters entrusted;
- (4) scope of powers of the proxy: instructions as to how to exercise the voting rights (for, against and abstain) on matters of the meeting and in the absence of specific instructions, descriptions on whether the proxy may vote at his or her discretion;
- (5) effective period of the authorization;
- (6) the date of signature of the power of attorney.

The power of attorney shall be signed by both the appointer and the proxy.

Article 33 A member of the Audit and Risk Committee who does not attend a meeting in person nor appoints another member as proxy to attend the meeting shall be deemed to be absent from such meeting.

Should a member of the Audit and Risk Committee fail to attend the meetings twice in a row, he or she shall be deemed to be unable to carry out his or her duties and the Board of Directors may revoke his or her membership of the Audit and Risk Committee.

Article 34 Resolutions made by the Audit and Risk Committee shall not be valid unless adopted by a majority of all members, including members who do not attend the meeting. Each member of the Audit and Risk Committee shall have one vote.

Article 35 After the chairman of the meeting of the Audit and Risk Committee announces the commencement of the meeting, each proposal in relation to each subject matter shall be considered in a sequence.

Article 36 The members of the Audit and Risk Committee would be free to discuss the subject matters considered at the meeting, but order shall be maintained at the meeting. No speaker shall use any offensive, insulting or threatening language.

The chairman of the meeting shall have the right to decide the time for discussion.

Article 37 Matters proposed at the Audit and Risk Committee meeting are subject to collective consideration and voting in the sequence of the proposals being considered, i.e. all the proposals are considered by all members present at the meeting and then the proposals are put to the vote in the sequence of consideration.

Article 38 The Audit and Risk Committee may, if it deems necessary, invite other persons related to the meeting proposals to attend the meeting as non-voting participants to provide detailed information or express their opinions. However, those persons who are not the members of the Audit and Risk Committee shall have no voting rights on the proposals.

Article 39 The members of the Audit and Risk Committee present at the meeting shall deliberate the proposals and fully express their opinions with a conscientious and responsible attitude. The members shall be responsible for their own votes.

Article 40 Where a meeting of the Audit and Risk Committee is held by way of a physical meeting, the voting at the meeting shall be conducted by a show of hands in the sequence of “for”, “against” and “abstain”. For the same proposal, each member present can only vote once by a show of hand. Should a member put up his hand more than once, only the last show of hand is counted.

If a member attends the meeting for himself or herself and as proxy of another member at the same time, one vote cast by him or her by a show of hand shall be counted as two votes to the extent that his or her appointer’s vote is consistent with him or her on the same proposal; otherwise he or she may vote separately according to the view of the member himself or herself and the respective appointer; if the proxy does not specify his or her votes during the voting, the proxy’s vote is deemed to be the same as the appointer’s vote.

If a meeting of the Audit and Risk Committee is held by means of communication, the voting shall be conducted through signature, and the resolutions signed in writing by the members of the Audit and Risk Committee shall be valid.

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 person who takes the minutes.

Article 41 The meetings of the Audit and Risk Committee shall be recorded by the secretary of the Audit and Risk Committee or the staff of the office of the Board of Directors designated by the Audit and Risk Committee.

Chapter Six Resolutions and Minutes of Meetings

Article 42 Each proposal on which a prescribed number of valid votes are cast shall become a resolution of the Audit and Risk Committee upon announcement by the chairman of the meeting.

The resolutions of the Audit and Risk Committee come into effect upon being signed by the members present at the meeting. No modification or alteration shall be made to the resolutions that have become effective without going through the legitimate procedures as required by laws and regulations, the Articles of Association, the Listing Rules and the Detailed Working Rules.

Article 43 A member or the secretary of the Audit and Risk Committee shall report details of the resolutions (discussion draft) to the Board of Directors within 3 days after such resolutions have been passed.

Article 44 The written documents of the resolutions of the Audit and Risk Committee shall be kept for record by the Company for a period of no less than 10 years during the Company's existence.

Article 45 The Committee Chairman, the Committee Secretary or another member designated by the Chairman shall follow and monitor the implementation of the resolutions of the Audit and Risk Committee, and may request and supervise persons concerned to remedy the violations of the resolutions found. Should the persons concerned fail to follow such instructions, the Committee Chairman or his designated member or the Committee secretary shall report the situation to the Board of Directors which will be responsible to manage the case.

Article 46 The Audit and Risk Committee shall maintain written meeting minutes of the meeting. Committee members who attend the meeting and the person who takes the minutes shall both sign their names. Committee members present at the meeting shall have the right to request their explanatory remarks of his or her speech at the meeting to be recorded in the minutes.

The members of the Audit and Risk Committee and other persons present shall be obliged to keep confidential the matters discussed at the meeting and shall not disclose any information of the meeting without permission.

Article 47 The minutes of the meeting of the Audit and Risk Committee shall include at least the following information:

- (1) the date and venue of the meeting and the name of the convener;
- (2) the names of attendees, those attendees who are proxies should be specified ;
- (3) the agenda of the meeting;
- (4) the highlights of speeches of the members;
- (5) the deliberation opinions, the voting method on each resolution or proposal and the corresponding voting results (numbers of votes for and against and the number of votes to abstain shall be set out);
- (6) other matters that shall be stated and recorded in the meeting minutes.

Chapter Seven Supplementary Provisions

Article 48 Unless otherwise specified, in the Detailed Working Rules, the terms “no less than”, “amount to” and “within” shall include the number following such terms; the terms “over” and “less than” shall not include the number following such terms.

Article 49 “Day” means the calendar day, except when “working day” is referred to expressly.

Article 50 Any matter not covered herein shall be subject to relevant laws, regulations or regulatory documents of the State, including the Listing Rules and the regulatory requirements and listing rules on which the Company’s shares are listed (the “**Regulatory Requirements of Listing Places**”) and related provisions of the Articles of Association. In case of any conflict between the Detailed Working Rules and relevant laws, regulations, regulatory documents, the Regulatory Requirements of Listing Places and the Articles of Association, the relevant laws, regulations, regulatory documents, the Regulatory Requirements of Listing Places and the Articles of Association shall prevail.

Article 51 The Detailed Working Rules come into effect and are implemented upon the approval by the Board of Directors.

Article 52 The Detailed Working Rules shall be interpreted by the Board of Directors.