

Shengjing Bank Co., Ltd.
The Terms of Reference for the Audit Committee
of the Board of Directors

Chapter I General Provisions

Article 1 To improve the corporate governance structure of Shengjing Bank Co., Ltd. (hereinafter referred to as the “Bank”), to regulate the decision-making mechanism of the Board of Directors of the Bank and to ensure an effective supervision over the management by the Board of Directors, the Audit Committee of the Board of Directors (hereinafter referred to as the “Audit Committee” or the “Committee”) is hereby established and these Terms of Reference are formulated pursuant to the *Company Law of the People’s Republic of China*, the *Commercial Banking Law of the People’s Republic of China*, the *Code of Corporate Governance for Banking and Insurance Institutions*, the *Measures for the Performance Evaluation of Directors and Supervisors of Banking and Insurance Institutions (Trial)*, the *Guidelines for Internal Control of Commercial Banks*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (hereinafter referred to as the “Hong Kong Listing Rules”), the *Articles of Association of Shengjing Bank Co., Ltd.* (hereinafter referred to as the “Articles of Association of the Bank”), the *Rules of Procedures of the Board of Directors of Shengjing Bank Co., Ltd.* and other relevant rules and regulations.

Article 2 The Audit Committee is a specialized organization established by the Board of Directors pursuant to the Articles of Association of the Bank, which is accountable to the Board and within its authorities assists the Board of Directors in carrying out relevant works. The Audit Committee is mainly responsible to inspect, supervise and evaluate the Bank’s financial information, risk management, internal control and audit, etc., and make recommendations to the Board of Directors.

Chapter II Composition of Personnel

Article 3 The Audit Committee shall consist of no less than three non-executive directors, a majority of whom shall be independent directors. Members of the Audit Committee shall have professional knowledge and work experience in certain area including finance, auditing, accounting and laws. At least one independent director shall have appropriate professional qualifications or appropriate accounting or related financial management expertise.

Article 4 A former partner of the current external audit agency of the Bank shall be prohibited from acting as a member of the Audit Committee for a period of one years starting from the following date (the latter of which shall prevail):

- (I) He/she ceases to be a partner of such external audit agency; or
- (II) He/she ceases to have any financial interest in such external audit agency.

Article 5 Members of the Audit Committee shall be nominated by Chairperson of the Board and elected by the Board of Directors. Any adjustment and dismissal of the committee members of the Audit Committee shall be proposed by Chairperson of the Board and determined by the Board of Directors.

Article 6 The Audit Committee shall have one Chairperson (“Chairperson of the Committee”) who shall be an independent director. The Chairperson of the Committee shall be responsible for presiding over the routine work of the Committee. The Audit Committee shall have one Vice Chairperson (“Vice Chairperson of the Committee”) who shall assist the Chairperson of the Committee. The Chairperson of the Committee and Vice Chairperson of the Committee shall be considered and approved by the Board of Directors.

The Chairperson of the Committee shall work in the Bank for at least 20 working days each year.

Article 7 The term of office of the Audit Committee shall be identical with that of the Board of Directors and members of the Committee may serve consecutive terms if re-elected upon the expiration of his/her term. If any member ceases to be a director of the Bank or any member who shall be qualified as an independent director ceases to be independent as required by the Articles of Association of the Bank or related rules and regulations and the listing rules of the place where the shares of the Bank are listed, he/she shall automatically be disqualified the qualification as a member of the Committee. The vacancy shall be filled up by the Board of Directors in accordance with the provisions of the Terms of Reference.

Article 8 The Audit Committee shall set up a working group to be responsible for information collection and analysis, day-to-day work liaison and organization of meetings of the Committee. The Audit Department and Planning and Finance Department together with relevant departments shall be responsible for specific works.

Article 9 Directors, supervisors, senior management personnel and heads of relevant departments may be invited to attend the meetings of the Audit Committee as non-voting delegates.

Chapter III Responsibilities and Authorities

Article 10 The main responsibilities and authorities of the Audit Committee shall include:

(I) Examining the Bank’s risks and compliance status, accounting policies, financial reporting process and financial status, reviewing the Bank’s financial information, including the completeness of financial statements, annual report and accounts, interim reports and quarterly reports (if any), and reviewing the major opinion related to financial reporting as disclosed in the statements and reports. The

Committee shall review the following matters in particular, before submitting the related statements and reports to the Board of Directors:

1. Any changes in accounting policy and practice;
2. Any matter in relation to significant judgment;
3. Significant adjustments caused by auditing;
4. Assumption of corporate's continuous operation and any qualified opinion;
5. Compliance with the accounting standard; and
6. Compliance with the Listing Rules as well as laws and regulations related to financial reporting;

The Committee shall liaise with the Board of Directors and senior management in regards to above matters. The Committee shall meet at least twice a year with the external auditor. The Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and shall give due consideration to any matters that have been raised by the Bank's staff responsible for the accounting and financial reporting function, compliance officer (if any) or external auditors.

(II) On relationship with the external auditors of the Bank

1. Making recommendations to the Board of Directors on the appointment, re-appointment or change of the external audit agency responsible for regular statutory audits on the financial reports of the Bank, reviewing the fees and terms of engagement of the external audit agency, and handling any matters relating to its resignation or dismissal;

2. Reviewing and monitoring the external audit agency's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external audit agency the nature and scope of the audit and the related reporting obligations before the audit commences;

3. Developing and implementing policy on engaging an external audit agency to provide non-audit services;

4. Reviewing the Audit Results Letter presented by external audit agency to the management, as well as any material queries raised by the audit agency to the management about accounting records, financial accounts or monitoring systems, and the management's response;

5. Ensuring that the Board of Directors shall timely response to the matters raised in the Audit Results Letter presented by external audit agency to the management;

6. Acting as the key representative body for overseeing the Bank's relations with the external audit agency and being responsible for the communications between internal and external auditors to ensure that internal and external audit work has been coordinated.

(III) Being responsible of the Bank's annual audit and overseeing the senior management to rectify the issues raised in the audit and implement audit recommendations.

(IV) Being responsible of reviewing and approving the Bank's internal audit system and supervising its implementation, reviewing, evaluating and reporting to the Board of Directors on the internal audit on a regular basis, and ensuring that the internal audit department has sufficient resources for operation and proper status.

(V) Examining the Bank's financial reporting system, risk management and internal control system and their implementation

1. To review and monitor financial control, internal control and risk management systems of the Bank, review relevant rules and regulations and their implementation, and examine and evaluate the compliance and effectiveness of major business activities of the Bank;

2. To discuss the risk management and internal control systems with the management and to continuously examine and supervise whether the senior management has performed its duties and has effective systems in place. The discussion shall include the adequacy of resources, qualification and experience of employees, training of employees and the relevant budget, in terms of accounting and financial reporting of the Bank;

3. To oversee and review the construction of the Bank's risk management and internal control systems, organize self-evaluations of risk management and internal control status in the Bank and review the evaluation report on the Bank's risk management and internal control;

4. To ensure the Bank has adequate arrangements for employees to anonymously raise concerns on any irregularities which may occur in the Bank's financial reporting, risk management, internal control and other aspects and for the Bank to conduct a fair and independent investigation and take appropriate action on such matters;

5. To study the significant investigation results of risk management and internal control issues and feedback of management on the investigation results proactively or under the instruction of the Board of Directors.

(VI) To be responsible to urge the senior management to develop and implement anti-money laundering policies, systems and procedures, supervise the work of the anti-money laundering, listen to senior management reports on major anti-money laundering matters and make decisions of the policy adjustments in a timely manner;

(VII) Other duties required by the laws and regulations, rules and the securities regulatory authority where the Bank's shares are issued and listed, or authorized by the Board of Directors.

Article 11 The Audit Committee is authorized to require the senior management of the Bank to provide full support to its work. The senior management shall ensure adequate information and resources for the Audit Committee to perform its duties.

Article 12 The Audit Committee is entitled to initiate, or to conduct as delegated by the Board of Directors, investigations on the internal control, financial information management, internal audit and other matters of the Bank.

If necessary, the Audit Committee may engage external experts or agencies to provide professional consulting services and the reasonable costs arising therefrom shall be borne by the Bank.

Article 13 Members of the Audit Committee shall hold the related information in confidentiality prior to the official disclosure and shall not disclose the information without authorization.

Chapter IV Rules of Procedures

Article 14 Meetings of Audit Committee shall be convened at least twice a year and extraordinary meetings, where necessary, shall be convened in a timely manner.

Article 15 Meetings of Audit Committee shall be classified into onsite meetings and meetings convened through circulation of written resolutions.

Meetings of Audit Committee shall be convened by Chairperson of the Committee. The Board of Directors or two members (or above) of the Audit Committee are entitled to propose to Chairperson of the Committee to convene meetings of Audit Committee. Meetings shall be chaired by Chairperson of the Committee. If Chairperson of the Committee cannot attend the meeting, he or she may delegate Vice Chairperson of the Committee to chair the meeting. If Vice Chairperson of the Committee cannot attend the meeting, he or she may delegate another member of the Audit Committee to chair the meeting.

Article 16 The working group of the Audit Committee shall give all the Audit Committee members a notice at least three days prior to the meeting. Such period of notice may be waived subject to the unanimous consent of all the members of the Committee.

The meeting notice and materials may be delivered to all the Committee members by delivery by hand, facsimile, registered mail, email or other means.

Article 17 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 member as proxy with written proxy statements. The written proxy statements shall include the authorized matters and the authorized member shall not be materially interested in the matters deliberated in the meeting.

Unless otherwise stated in the Articles of Association of the Bank, related laws and regulations or binding agreements of the Bank, members shall not authorize individuals other than members of the Committee as proxy to attend the meeting.

Article 18 The quorum of meetings of the Audit Committee is more than half of members of the Committee. 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.

Article 19 Voting at meetings of the Audit Committee shall be by way of open ballot voting. Meetings may be convened in ways of voting on onsite meeting votes and voting by circulation of written resolutions. Profit distribution plans, major investments, major asset disposals and other matters that may have significant impact on the Bank stated in the Articles of Association of the Bank and matters which the Chairperson of the Committee considers necessary to be deliberated on onsite meetings shall not be voted by way of circulation of written resolutions.

In the case of voting by circulation of written resolutions, each member shall sign his/her comments on the voting ticket within time limits specified by the meeting and deliver the signed tickets to the Bank by facsimile or e-mail and the original copies of voting tickets shall be delivered to the Bank by delivery by hand or registered mail. Those who fail to provide their comments within the specified time limits shall be deemed to have abstained from voting.

Article 20 The convening procedure, voting methods and the proposals passed at meetings of Audit Committee shall be in compliance with related laws and regulations, the listing rules of the place where the shares of the Bank are listed, the Articles of Association of the Bank and these Terms of Reference.

Article 21 The minutes, resolutions or summaries of meetings of Audit Committee shall be recorded by a person designated by the working group. The drafts and final versions of the meeting minutes shall be delivered to all members of the Committee within a reasonable period of time after the meeting. The drafts of meeting minutes are for all members' comments and the final minutes are for record. The Committee members present at the meeting shall sign the minutes, resolutions or summaries thereof. The minutes, resolutions or summaries as important materials shall be handed over by the working group to the Office of the Board of Directors of the Bank on an annual basis for records.

Article 22 Resolutions or summaries deliberated and approved by the Audit Committee shall be submitted to the Board of Directors and the Board of Supervisors on a regular basis.

Article 23 Any person who attends or presents at meetings of Audit Committee shall keep the minutes, resolutions or summaries, materials and matters deliberated at the meeting in confidentiality, and shall not disclose the information without authorization.

Chapter V Supplementary Provisions

Article 24 Unless otherwise specified, the terms used herein shall have the same meanings as those in the Articles of Association of the Bank.

Article 25 These Terms of Reference shall become effective upon consideration and approval by the Board of Directors.

Article 26 Any matters that are not covered herein shall be handled in accordance with related PRC laws and regulations, normative documents, the listing rules of the place where the shares of the Bank are listed and the provisions of the Articles of Association of the Bank. If any of these Terms of Reference conflicts with any laws or regulations or normative documents promulgated subsequently, or the listing rules of the place where the shares of the Bank are listed, or the Articles of Association of the Bank duly amended thereafter, these Terms of Reference shall be revised as soon as practicable in accordance with related PRC laws and regulations, normative documents, the listing rules of the place where the shares of the Bank are listed and the provisions of the Articles of Association of the Bank, and be submitted to the Board of Directors for deliberation and approval.

Article 27 The Board of Directors of the Bank shall have the right to interpret and revise these Terms of Reference.