中州证券

# Central China Securities Co., Ltd.

*(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name "中原证券股份有限公司" and carrying on business in Hong Kong as "中州证券")*

**(Stock Code: 01375)**

## Work Regulations of the Audit Committee of the Board

### Chapter I General Provisions

**Article 1 {Purposes and Bases}** To improve the internal control system of Central China Securities Co., Ltd. (the "**Company**"), as well as to further perfect corporate governance structure, these Work Regulations are formulated and enacted in accordance with *the Company Law of the People's Republic of China (the "**Company Law**"), the Regulation on the Supervision and Administration of Securities Companies, the Code of Corporate Governance for Listed Companies, the Corporate Governance Standards of Securities Companies, the Measures for the Administration of Independent Directors of Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Guidelines for the Work of the Audit Committee of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"), A Guide for Effective Audit Committee* of Hong Kong Institute of Certified Public Accountants and relevant laws, regulations and normative documents as well as the articles of association (the "**Articles of Association**") of the Company.

**Article 2 {Establishment and Positioning}** The Company hereby establishes the Audit Committee of the Board (the "**Audit Committee**"). The Audit Committee is a special committee set up under the Board, responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The Committee shall exercise the duties and authorities of the Supervisory Committee specified by the Company Law and shall perform such additional duties as may be assigned by laws, regulations, rules, the Articles of Association and the Board. The Audit Committee reports and is accountable to the Board.

### Chapter II Composition of the Audit Committee

**Article 3 {Composition}** The composition of the Audit Committee shall meet the following conditions:

(I) consisting of at least three non-executive directors;

(II) any member of the Audit Committee shall not serve as a member of the senior management of the Company;

(III) more than half of the members of the Audit Committee shall be independent non-executive directors;

(IV) at least one independent non-executive director has five years or above experience in accounting;

(V) other conditions stipulated by laws, regulations and rules.

An employee representative on the Board may serve as a member of the Audit Committee.

The Audit Committee shall have one convener, who shall be an independent non-executive director with a professional accounting qualification and shall be responsible for convening and presiding over the meetings. The convener shall possess substantial accounting knowledge and experience, and shall satisfy at least one of the following conditions: (1) Certified Public Accountant (CPA) qualification; (2) senior professional title, associate-professor rank or above, or doctoral degree in accounting, auditing, or financial management; (3) senior professional title in economics management, together with at least five years of full-time work experience in accounting, auditing or financial management. Where the laws, regulations and standards of the place where the Company's shares are listed specify otherwise, such provisions shall be met at the same time.

**Article 4** {**Qualification requirements**} Members of the Audit Committee shall possess the professional knowledge, work experience and high ethical standards required to perform their duties. They shall invest sufficient time and energy in performing their duties in the Committee, act with diligence and dedication, and supervise and evaluate the Company's internal and external audit work in a substantive and effective manner. They shall also promote the establishment of sound internal controls and shall provide financial reports that are truthful, accurate and complete.

**Article 5 {Restrictions}** A former partner of the Company's current external audit firms shall be prohibited from acting as a member of the Audit Committee for a period of two years starting from the date of the following (the latter of which shall prevail):

(I) the former partner ceases to be a partner of such external audit firm;

(II) the former partner ceases to have any financial interest in such external audit firm.

**Article 6 {Term of office}** Members of the Audit Committee shall be nominated by the chairman of the Board and determined by the Board. The term of office of members of the Audit Committee is the same as the corresponding session of the Board. Each term shall not exceed three years. Members of the Committee may serve consecutive terms if re-elected upon the expiration of his/her term. However, independent directors may not serve for more than six consecutive years. If any members resign or otherwise cease to be

a director of the Company during the term, the member shall ipso facto and immediately resign as a member of the Committee as of the date he or she ceases to be a director. If the resignation results in the number of Audit Committee members falling below the statutory quorum or results in the absence of a member with an accounting qualification, the resigning member shall continue to perform the duties until the newly appointed member(s) assume office.

Upon resignation or upon the expiry of a term without re-appointment, the Audit Committee member shall complete all handover formalities upon the effectiveness of the resignation or expiration of the term, and shall continue to fulfill fiduciary duties in accordance with applicable laws, regulations, rules, and contractual agreements.

**Article 7 {Administrative body}** The audit department shall assume the duties of the administrative body of the Audit Committee, shall be subject to the supervision and direction of the Audit Committee and shall report to the Audit Committee on its work in a timely manner.

## Chapter III Duties and Authorities

**Article 8 {Principal duties and authorities}** The primary duties and authorities of the Audit Committee shall include:

(I) reviewing the Company's financial information and its disclosure;

(II) supervising and evaluating external audit work, and proposing the appointment or replacement of external audit firms;

(III) supervising and evaluating internal audit work, and coordinating between internal and external audits;

(IV) supervising and evaluating the internal controls of the Company;

(V) exercising the duties and authorities of the Supervisory Committee as specified under the Company Law;

(VI) exercising the duties and authorities of the Audit Committee as prescribed in Appendix C1 (Corporate Governance Code) of the Hong Kong Listing Rules;

(VII) assessing the mechanisms established by the Company for employees to confidentially report potential misconduct related to financial reporting, risk management, internal controls, or other areas. The Audit Committee shall ensure appropriate arrangements are in place to conduct fair and independent investigations and take appropriate action;

(VIII) supervising and examining the performance of the Board and management in risk management, urging rectifying actions, and proposing the removal of directors or senior management primarily responsible for or in leadership roles during major risk incidents;

(IX) assuming supervision responsibility for anti-money laundering risk management, supervising the Board and management's performance in anti-money laundering risk management, and urging rectifying actions;

(X) handling other matters as stipulated by laws, regulations, stock exchange self-discipline rules, the Articles of Association, or as authorized by the Board.

**Article 9 {Pre-Board review matters}** The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the Board for review upon approval by a majority of the members of the Audit Committee:

(I) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;

(II) appointment or dismissal of accounting firms responsible for the Company's audit services;

(III) appointment or dismissal of the Company's chief financial officer;

(IV) changes in accounting policies, accounting estimates, or correcting significant accounting errors for reasons other than changes in accounting standards;

(V) other matters stipulated by laws, administrative regulations, the CSRC regulations, stock exchange self-discipline rules and the Articles of Association.

Review opinions approved at the Audit Committee meetings shall be submitted to the Board of the Company in writing. If the Board does not adopt the proposal of the Audit Committee on matters within its duties, the Company shall disclose such matters and specify the reasons.

**Article 10 {Review of financial information and its disclosure}** The Audit Committee shall review the Company's financial accounting reports, provide opinions on their truthfulness, accuracy, and completeness, and focus on significant accounting and auditing issues therein. Particular attention shall be paid to whether there is any possibility of frauds, misconducts, or material misstatements related to the financial accounting reports, and the Committee shall supervise the rectification of identified issues.

Where financial misrepresentation, material accounting errors, or similar issues are identified, the Audit Committee shall require the Company to correct the relevant financial data before voting on the resolution. The Committee shall not approve such reports until corrections are completed.

If any Audit Committee members are unable to confirm the truthfulness, accuracy, or completeness of the financial information in periodic reports or hold dissenting views, such member shall cast a dissenting or abstaining vote during the review of the reports by the Audit Committee.

In reviewing financial information and its disclosures, the Audit Committee shall maintain vigilance and reasonable skepticism on potential financial fraud risks by analyzing the business, financial, and industry-specific data of the Company and pay close attention to the key risk factors as follows: (1) sudden changes of management (especially the chief financial officer) during the periodic reporting period; (2) internal control deficiencies identified in disclosures or internal and external audits of the Company, particularly those affecting financial reporting; (3) audit reports with non-standard opinions issued to the Company; (4) abnormal fluctuations in key financial indicators, or inconsistencies between such indicators and business changes; (5) risks of financial manipulation through misuse of accounting error corrections, policy changes, or estimate adjustments; and (6) potential risks of window-dressing of financial statements.

The Audit Committee shall pay special attention to significant accounting and auditing issues on significant connected transactions or related party transactions, significant cash flows, critical assets, revenue, and costs. The Audit Committee may reference annual reporting guidelines and accounting oversight reports issued by regulatory authorities to monitor financial issues and key accounting standards implementation priorities highlighted by regulators.

**Article 11 {Supervision of appointment of external audit firms}** The Audit Committee shall supervise the appointment of external audit firms and perform the following duties:

(I) formulating policies, procedures and related internal control systems for the selection of external audit firms in accordance with the authorization of the Board;

(II) proposing to start work related to the selection of external audit firms;

(III) reviewing selection documents, determining evaluation elements and specific scoring criteria, and supervising the selection process;

(IV) reviewing and deciding on the appointment of external audit firms, putting forward suggestions on the audit fees, and submitting them to the Board for resolution;

(V) being responsible for laws, regulations, the Articles of Association and other matters authorized by the Board regarding the selection and dismissal of external audit firms.

The Audit Committee shall exercise heightened caution and maintain close scrutiny in the following circumstances:

(I) changing accounting firms between the balance sheet date and annual report issuance, for two years in a row, or multiple changes within one year;

(II) the proposed accounting firm has received multiple administrative penalties for audit quality violations or has had multiple audit projects under investigation in the past three years;

(III) proposed appointment of the former audit team that has moved to another accounting firm;

(IV) significant changes in audit fees compared to the prior year, or selection prices substantially below benchmark rates;

(V) the accounting firm has failed, as required, to effect substantive rotation of the audit project partner and the signing Certified Public Accountant.

**Article 12 {Supervision and evaluation of external audit work}** The Audit Committee shall supervise and evaluate the audit work of external audit firms, urging them to maintain integrity and exercise due diligence, strictly comply with professional standards and self-discipline requirements, rigorously implement internal control systems, thoroughly verify the Company's financial reports, fulfill heightened duty of care and prudently issue professional opinions. The Audit Committee shall submit an evaluation report on the performance of the external audit firm engaged and a report on the performance of the Audit Committee's supervisory responsibilities for the external audit firm to the Board on a regular basis (at least annually).

(I) The Audit Committee and the external audit firm shall establish a two-way communication mechanism to ensure effective bilateral discussion of significant financial reporting and audit matters. Such communication shall not compromise the audit firm's independence or the validity of its audit conclusions or procedures.

(II) Before the external auditor commences site work, after the accountant has issued its preliminary audit opinion, and before the Board meeting that reviews the annual report, the Audit Committee shall communicate with the accountant. During the annual report audit, the Committee shall hold at least one closed meeting with the external audit firm in the absence of management of the Company. The Committee shall meet at least twice a year with the external audit firm.

(III) The Audit Committee shall promptly pass to the external audit firm any issue clues uncovered by internal audit, urging the firm to focus on these matters in the financial report audit. The Committee shall maintain timely, thorough communication with the firm on the audit plan, progress and conclusions. Meanwhile, the Committee shall also coordinate with the firm on the audit timetable, key audit matters, audit adjustments, management letters and other work, promptly learning of any issue the firm identifies. If necessary, the Committee may request that the firm allocate additional human resources to key issues and shall supervise the cooperation of the Company with the external audit.

(IV) In supervising and evaluating the external audit work, the Audit Committee shall concentrate on the following aspects: (1) the independence of the external audit firm; (2) the quality management system and its operational effectiveness of the external audit firm; (3) implementation of the audit plan, and whether there are any significant deviations and the reasons of the deviations; (4) the frequency and quality of communications by the external audit firm with the Audit Committee, including whether the firm promptly discuss material issues affecting the financial information, major difficulties or obstacles encountered during the audit, and any major internal control deficiencies identified during the internal audit; (5) the firm's professional knowledge and technical expertise, including its understanding of the Company's business and risks relevant to the financial reports, its professional judgment on significant audit matters and risk assessments, and the effectiveness of audit procedures performed; (6) the firm's resource adequacy, including the number, professional knowledge, technical competence, experience and time allocation of project members, and the extent to which the audit project partner and other senior personnel are involved throughout the audit; and (7) the degree of reliance placed by the external audit firm on the work and results of internal audit.

**Article 13 {Supervision and evaluation of internal audit work}** The internal audit function shall, in carrying out its supervision and inspection of the Company's business activities, risk management, internal controls and financial information, be subject to the supervision and direction of the Audit Committee. The Audit Committee participates in the appraisal of the performance of the head of internal audit.

In supervising and evaluating the internal audit work, the Audit Committee shall perform the following duties:

(I) directing and supervising the establishment and implementation of the internal audit system;

(II) reviewing the Company's annual internal audit work plan;

(III) urging the implementation of the Company's internal audit plan;

(IV) directing the effective operation of the internal audit function;

(V) reporting to the Board on the progress and quality of internal audit work, as well as on any material issue or clue identified;

(VI) coordinating the relationship between the internal audit function and external audit firms, including the external auditor and relevant state audit agencies.

In supervising the formulation and implementation of the Company's internal audit plan, the Audit Committee shall concentrate on the following aspects: (1) reviewing the scope and types of the internal audit plan to assess whether it aligns with the Company's development strategy, business objectives and major risks; (2) reviewing that the priority areas of the internal audit plan are consistent with those highlighted by the Audit Committee; (3) evaluating whether the budget and human resource allocation for internal audit are sufficient to ensure the implementation of the plan; and (4) supervising and reviewing the timeliness with which internal audit identifies issues and management remedies them.

The internal audit function shall report its work to the Audit Committee. Various audit reports, the plans and results of rectification for the audit issues submitted to the management by the internal audit function shall be submitted to the Audit Committee at the same time. The internal audit function shall report any material issues or clues directly to the Audit Committee immediately upon identification.

The internal audit function shall report to the Audit Committee at least quarterly, covering matters including but not limited to the implementation of internal audit plans and issues identified during internal audits; an annual internal audit work report shall be submitted to the Audit Committee after the end of each year; where material internal control deficiencies or significant risks are identified, they shall be promptly reported to the Board or the Audit Committee.

**Article 14 {Organization and supervision of inspection work}** The Audit Committee shall supervise and direct the internal audit function to conduct at least semi-annual inspections on the following matters, issue inspection reports, and submit them to the Audit Committee. If the inspection identifies any violation of laws or regulations, irregular operations, or similar circumstances, the Company shall promptly report them to regulatory authorities:

(I) the implementation of significant matters of the Company, such as the use of proceeds, the provision of guarantees, related-party (connected) transactions, securities investment and derivative transactions, the provision of financial assistance, the purchase or sale of assets, and external investments;

(II) large fund transfers within the Company and the fund transfer between the Company and any director, senior management, controlling shareholder, actual controller, or their respective associates.

In performing its regular duties, if the Audit Committee identifies suspected financial fraud and abnormal business conditions, notices significant negative public sentiment or major media scrutiny regarding the Company, or receives clear complaints or whistleblower reports, it may require the Company to conduct a self-investigation, instruct the internal audit function to investigate, or, if necessary, engage a third-party intermediary to assist the efforts, at the cost of the Company.

In urging the internal audit function to inspect relevant issue clues, the Audit Committee shall direct the internal audit function to formulate an inspection plan and review key focus areas and critical matters, and ensure the efforts remain free from management interference. If the internal inspection faces difficulties in determining the scope, areas, or personnel involved in financial misconduct, or encounters significant obstacles, the Audit Committee may engage a third-party intermediary to assist the inspection.

In carrying out investigations, the Audit Committee shall assess the independence and expertise of investigators, review the investigation scope, key focus areas, and schedule, stay informed of critical findings and major progress to better supervise and direct the investigation effort.

**Article 15 {Supervision and evaluation of internal controls}** The Audit Committee shall supervise and direct the internal audit function in conducting internal control inspections and evaluations, and shall urge the internal audit function to assess risks in key areas and critical aspects of internal controls of the Company. The Audit Committee may periodically analyze and evaluate findings and inspection results. Any internal control deficiencies identified during inspections shall be included in the internal control evaluation report.

For key internal control areas and aspects that may involve significant risks, the Audit Committee may organize the internal audit function to perform a special inspection or, when necessary, a comprehensive one. The Audit Committee shall also strengthen coordination with internal control audits and financial statement audits, evaluate the severity of internal control deficiencies, and assess their impact on the truthfulness, accuracy, and completeness of the financial statements and financial information of the Company.

Based on internal audit reports and relevant materials submitted by the internal audit function, the Audit Committee shall issue a written assessment of the effectiveness of the internal controls of the Company and report the assessment to the Board.

**Article 16 {Supervision of issue rectification and internal accountability}** Where the Company is identified to have material internal control deficiencies, or is determined to have engaged in financial fraud, misappropriation of funds, improper guarantees, or similar issues, the Audit Committee shall supervise the Company in implementing subsequent rectification and internal accountability measures. This includes urging the Company to develop and implement a rectifying action plan and measures within a specified timeframe and establish and strictly enforce a robust internal accountability system.

The Audit Committee shall ensure the Company rigorously implements its internal accountability system, holding directors, senior management, and directly responsible personnel strictly accountable. Where the Company's interests have been harmed, the Audit Committee shall promptly seek restitution from the relevant parties or, where appropriate, shall initiate recovery procedures to safeguard the interests of the Company according to law.

**Article 17 {Exercise of principal duties and authorities of the supervisory committee}** To ensure effective fulfillment of its duties, the Audit Committee shall have the authority to exercise the following duties and authorities in accordance with laws and regulations, stock exchange self-discipline rules, and the Articles of Association:

(I) inspecting the financial affairs of the Company;

(II) supervising the conduct of directors and senior management in performing their duties;

(III) requiring directors and senior management to rectify any action that harms the interests of the Company;

(IV) proposing the convening of extraordinary board meetings;

(V) proposing the convening of extraordinary shareholders' meetings and, if the Board fails to fulfill its statutory obligation to convene and preside over such meetings, convening and presiding over the shareholders' meetings;

(VI) submitting proposals to shareholders' meetings;

(VII) accepting shareholders' requests to initiate legal proceedings against directors or senior management excluding the members of the Audit Committee who cause the Company to suffer losses by violating laws, administrative regulations, or the Articles of Association in performing their duties;

(VII) exercising other duties and authorities stipulated by laws, regulations, stock exchange self-discipline rules, and the Articles of Association.

**Article 18 {Supervision of performance of duties of directors and senior management}** The Audit Committee shall supervise the compliance of directors and senior management with laws and regulations, relevant stock exchange self-discipline rules, the Articles of Association, and their performance of the duties in the Company. The Audit Committee may require directors and senior management to submit reports on the performance of their duties.

Where the Audit Committee identifies any violation of laws, regulations, stock exchange self-discipline rules, or the Articles of Association by directors or senior management, it shall notify the Board of such violation or report such violation to the shareholders' meeting and make timely disclosures; or report such violation directly to regulatory authorities.

In performing its supervision duties, the Audit Committee may propose the dismissal of directors or senior management who violate laws, regulations, stock exchange self-discipline rules, the Articles of Association, or resolutions of the shareholders' meeting.

The Audit Committee shall supervise the performance of directors' and senior management's information disclosure duties. The Audit Committee shall continuously monitor senior management's design, implementation, and review of the risk management and internal control systems, and is responsible for ensuring that the Company and its subsidiaries inspect the effectiveness of these systems at least annually.

**Article 19 {Proposal for convening an extraordinary shareholders' meeting}** When the Audit Committee proposes convening an extraordinary shareholders' meeting to the Board, such proposal shall be submitted in writing to the Board.

**Article 20 {Convening and presiding over shareholders' meetings}** The Audit Committee shall convene and preside over shareholders' meetings when the Board fails to fulfill its statutory obligations to convene and preside over such meetings.

Where the Audit Committee decides to convene a shareholders' meeting independently, it shall notify the Board of such notice in writing and file such notice with the stock exchange. The Audit Committee shall submit supporting documentation to the stock exchange when issuing both the meeting notice and the resolution announcement of the meeting.

Shareholders' meetings convened by the Audit Committee independently shall be presided over by the convener of the Audit Committee. If the convener is unable or unwilling to perform this duty, the convener shall be assumed by one Audit Committee member nominated by a majority of the members of the Audit Committee.

For shareholders' meetings convened independently by the Audit Committee, the Board and the secretary to the Board shall cooperate and the Board shall provide the shareholder register as of the record date. Where the Board fails to provide the shareholder register, the convener may apply to the securities depository and clearing institution to obtain it by presenting the relevant announcement of the shareholders' meeting notice. The shareholder register obtained by the convener shall not be used for any purposes other than convening the shareholders' meeting.

All necessary expenses for such shareholders' meetings shall be borne by the Company.

**Article 21 {Filing lawsuits against directors and senior management}** Where directors or senior management (excluding Audit Committee members), in performing their duties in the Company, violate laws, administrative regulations, or the Articles of Association and thereby cause losses to the Company, the Audit Committee shall have the right to accept written requests from shareholders who have held 1% or more of the Company's shares individually or collectively for at least 180 consecutive days, and to file lawsuits with the People's Court. Where Audit Committee members, in performing their duties in the Company, violate laws, administrative regulations, or the Articles of Association and cause losses to the Company, the aforementioned shareholders may submit written requests to the Board to file lawsuits with the People's Court.

Where the Audit Committee or the Board refuses to file a lawsuit after receiving the shareholder's written request referred to in the preceding paragraph, or fails to file a lawsuit within thirty days of receiving the request, or where the circumstances are so urgent that failure to file a lawsuit would cause irreparable harm to the Company, the shareholder as mentioned in the preceding paragraph may, in the interests of the Company, file a lawsuit directly with the People's Court in its own name.

Upon receiving a shareholder's written request to file a lawsuit against any director or senior management (excluding Audit Committee members), the Audit Committee may investigate whether the facts alleged by the shareholder constitute an infringement of the interests of the Company and, when necessary, engage a third-party intermediary to assist the investigation. The Audit Committee shall provide a clear opinion on whether to file a lawsuit as requested by the shareholder, set out the next steps it intends to take, state the reasons for not initiating the lawsuit, or describe any alternative measure.

## Chapter IV Convening, Holding, and Deliberation Procedures of Meetings

**Article 22 {Types of meetings}** The Audit Committee shall hold meetings at least once every quarter. Extraordinary meetings may be convened upon the request of two or more members or when the convener deems it necessary.

A meeting of the Audit Committee shall require the attendance of at least two-thirds of its members (including members attending by proxy via written authorization).

**Article 23 {Meeting formats}** In principle, meetings of the Audit Committee are convened in the form of physical meetings. On the premise of ensuring that all participating Committee members can fully communicate and express their opinions, meetings can be held via video calls, telephone calls or by other means, if necessary. When a meeting is convened in the form of a correspondence meeting, members of the Audit Committee shall be deemed to have attended the relevant meeting and agreed with the content of the resolution by signing the resolution at the meeting.

**Article 24 {Meeting notice}** Unless under special circumstances requiring immediate notice, a written notice along with relevant documents and information shall be provided to all members not later than three days prior to the meeting convened by the Audit Committee. The notice of meeting of the Audit Committee shall at least include the following contents:

(I) the form, time and venue of the meeting to be convened;

(II) the duration of the meeting;

(III) the agenda of the meeting and the relevant meeting materials;

(IV) the date of the notice of the meeting.

In principle, the Audit Committee does not consider the issues or matters not listed in the notice of meeting. Under special circumstances when new issues or matters need to be added, at least two-thirds of the members shall agree to review and decide on the issues or matters that are temporarily added.

**Article 25 {Convening and chairing meetings}** The convener of the Audit Committee shall be responsible for convening and presiding over a meeting of the Audit Committee. If the convener fails or refuses to perform such duties, a majority of the Committee members shall jointly appoint an independent non-executive director with a professional accounting qualification to preside over the meeting.

**Article 26 {Meeting attendance}** Members of the Audit Committee shall attend meetings in person and express clear opinions on matters under review. If unable to attend due to justifiable reasons, a member shall review meeting materials in advance, express clear opinions and document such opinions in a written letter of authorization authorizing another member to attend on her/his behalf.

Each member may act as a proxy for not more than one other member. The letter of authorization shall specify the authorized scope and duration. An independent director who fails to attend due to justifiable reasons shall appoint another independent director within the Committee as a proxy.

Any member of the Audit 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 may remove his/her position as a member.

**Article 27 {Non-voting Attendees}** The Audit Committee may invite directors, senior management, and heads of relevant departments, who are not members of the Committee, to sit at the meetings as non-voting participants. When deemed necessary, the Audit Committee may also request representatives from external audit firms, internal auditors, financial personnel, legal advisors, and other relevant parties to sit at the meetings and provide necessary information.

**Article 28 {Deliberation and voting}** Resolutions of the Audit Committee shall be passed by an affirmative vote of a majority of its members. Each member shall have one vote for one resolution. Members present at the meeting shall sign the meeting resolutions.

Any member of the Audit Committee who is interested in any matter under discussion shall recuse themselves. If recusal results in the inability to form a valid resolution, the matter shall be submitted to the Board for deliberation.

Proposals passed and voting results of the meeting of the Audit Committee shall be submitted in writing to the Board.

**Article 29 {Confidentiality obligations}** All Audit Committee members and meeting non-voting attendees shall maintain strict confidentiality regarding meeting materials and deliberations, and shall not disclose any related information without authorization.

**Article 30 {Meeting minutes and record retention}** Minutes of Audit Committee meetings shall be prepared in accordance with regulations, and shall truthfully, accurately, and completely reflect the opinions expressed by attendees with respect to deliberations. Any member of the Audit Committee present shall sign the meeting minutes. The draft of the meeting minutes and final minutes shall be delivered to the members within a reasonable period of time if the meeting minutes cannot be ready at the end of meeting for members' signature. The meeting minutes are for members' comments and the final minutes are for record. Members present at the meeting shall sign the meeting minutes. Members present at such meeting are entitled to request to add explanatory descriptions in relation to their statements made at the meeting to the minutes.

Meeting materials, including minutes, resolutions, and letters of authorization, shall be retained by the Company for a minimum of ten years.

**Article 31 {Information disclosure}** When disclosing its annual report, a listed company shall disclose the Audit Committee's annual performance of duties, mainly including the performance of its duties and exercise of its authorities and the convening of Audit Committee meetings. Meanwhile, such information as the Committee's role, functions, composition and a summary of annual work shall be included in the "Corporate Governance Report" section of the Company's annual report.

The Audit Committee shall oversee the Company's information disclosure practices. If any violations of laws or regulations are identified, the Committee shall conduct an investigation and give corresponding recommendations.

## Chapter 5 Performance Requirements and Guarantees

**Article 32 {Performance requirements}** Members of the Audit Committee shall fulfill the following requirements:

(I) members of the Audit Committee shall dedicate sufficient time and effort to perform their duties. Except in cases of force majeure, each member shall spend not fewer than 15 working days on-site annually;

(II) Members of the Audit Committee shall continuously enhance their professional competencies for their positions through learning and training in laws, accounting standards, regulatory policies, and other relevant areas.

(III) Report submission. The Audit Committee shall submit an annual work report to the Board within three months after the end of each year.

(IV) Members shall comply with other performance requirements required by other laws and regulations, departmental regulations, normative documents and the competent regulatory authorities.

**Article 33 {Performance guarantees}** The Company shall provide support and guarantees for the members of the Audit Committee to perform their duties, which mainly include:

(I) the Company shall furnish necessary working conditions and adequate resources, including dedicated personnel or departments to assist with liaison, meeting coordination, document preparation, records management and other daily work;

(II) the management and relevant departments of the Company shall co-operate with the Audit Committee in the performance of its duties. Directors and senior management shall provide truthful information and documentation for the Committee, and cannot hamper the performance of its duties, in order to ensure the Committee works well.

(III) the Audit Committee may request relevant departments or personnel to supply information, resources and other support;

(IV) the management and various departments shall strengthen communication with the members of the Audit Committee, report relevant work status in a timely manner, provide documents and materials, provide explanations, answer questions, and listen to the professional opinions and suggestions of the members;

(V) the Company shall provide necessary protection for relevant travelling, food and accommodation expenses incurred by the Audit Committee;

(VI) If necessary, the Audit Committee may engage an intermediary to provide professional advice for its decision-making, and the relevant fees will be borne by the Company.

## Chapter V Supplementary Provisions

**Article 34 {Definitions}** The terms "above", "at least" and "below" used in the Work Regulations shall include the figure itself, while "less than" shall exclude the figure itself. "Attendance in person" includes both physical attendance and participation via telecommunication means.

**Article 35 {Conflict resolution}** For matters not covered herein or in case of any conflict between the Work Regulations in effect and subsequently promulgated laws and rules, regulations, regulatory documents, the listing rules of the stock exchange where the Company's shares are listed, or the Articles of Association, the latter shall prevail.

**Article 36 {Amendments}** Where the Work Regulations are required to be revised based on changes in actual conditions, the Audit Committee shall propose and submit a revised draft to the Board for approval.

**Article 37 {Effective date}** The Work Regulations shall become effective upon the approval by the Board. The original Terms of Reference of the Audit Committee of the Board shall lapse automatically from the effective date of the Work Regulations.

**Article 38 {Interpretation}** The Board of the Company shall have the sole authority to interpret the Work Regulations.

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