CITIC SECURITIES COMPANY LIMITED
TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Subject of formulation	Office of the Board of Directors
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	☐Basic Management System
	☐Operation and Management System of the Company
	☐Departmental Management System
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CHAPTER 1 GENERAL PRINCIPLES

Article 1 To improve and regulate the procedures for deliberation and making decision of the Audit Committee of the Board of Directors of CITIC Securities Company Limited ("the Company"), improve its efficiency and enhance its capacity to make informed decisions, and ensure to conduct the work smoothly, these rules are made in accordance with the relevant national laws, regulations and rules, the listing rules of the place where the Company's shares are listed (the "Local Listing Rules") and the Articles of Association of CITIC Securities Company Limited (the "Articles of Association"), and in light of the conditions of the Company.

Article 2 The Audit Committee, as a special functional body of the Board of Directors that is set up in accordance with the Articles of Association, shall be primarily responsible for supervising the annual audit work, reviewing the Company's financial information and its disclosure, making judgments on the authenticity, accuracy and completeness of the audited financial report information, and submitting it to the Board of Directors for consideration; proposing to appoint or replace the external audit firm, and supervising the practice behavior of the external audit firm; supervising and evaluating the internal and external audit work, coordinating internal audit and external audit; supervising and evaluating the Company's internal control; and exercising the powers of the Supervisory Committee as stipulated in the Company Law of the People's Republic of China (the "Company Law").

Article 3 The Audit Committee shall convene meeting at least once in every quarter.

CHAPTER 2 COMPOSITION OF THE AUDIT COMMITTEE

Article 4 The Audit Committee shall consist of no less than three directors. The members of the committee shall be non-executive directors who do not serve as senior management of the Company, of whom the majority must be independent non-executive directors, and at least one of the independent non-executive directors must be a professional accountant with more than five years of accounting experience. Staff representatives among the members of the Board of Directors may serve as members of the Audit Committee. A former partner of the Company's current external audit firm shall not serve as a member of the Audit Committee for a period of two years from the date of his or her departure from the firm or the date on which he or she ceases to have a financial interest in the current external audit firm, whichever is later.

Article 5 The chairman of the Audit Committee shall be an accounting professional among the independent non-executive directors elected by two thirds or more of the members of the Audit Committee.

Article 6 The members of the Audit Committee shall be elected by the Board of Directors, with the same tenure as the Board of Directors. Where any member of the committee no longer assumes the position as a director of the Company, or as an independent non-executive director, fails to meet the independence as required pursuant to relevant laws, regulations and rules, the

Local Listing Rules or the Articles of Association, he or she shall automatically lose his or her qualification as a member of the committee, and the vacancy shall be filled by the Board of Directors pursuant to Articles 4 to 5 hereinabove.

CHAPTER 3 DUTIES OF THE AUDIT COMMITTEE

Article 7 Pursuant to the Local Listing Rules and the Articles of Association, the Audit Committee shall perform the following duties:

(I) to make recommendations to the Board of Directors on the appointment, re-appointment, removal, resignation and replacement of the external audit firm, to approve the remuneration and terms of engagement of the external audit firm, and to deal with any questions of its resignation or dismissal;

(II) to review and monitor the external audit firm's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the audit firm the nature and scope of the audit and reporting obligations before the audit commences;

(III) to develop and implement policy on engaging an external audit firm to supply non-audit services. The Audit Committee should report to the Board of Directors, identifying any matters where action or improvement is needed and making recommendations as to the steps to be taken. An external audit firm includes any entity under the same control, ownership, or management as the firm, or any entity that a reasonable third party with full knowledge of all relevant information would reasonably conclude is part of the domestic or international operations of the firm responsible for the audit;

(IV) to review the financial information of the Company and its disclosure. To monitor completeness of the Company's financial statements and annual report and accounts, half-year report and quarterly reports, and to review significant opinions regarding financial reporting contained in them. When reviewing these reports, the committee should focus particularly on:

1. any changes in accounting policies and practices;

2. areas involving significant judgment;

3. significant adjustments resulting from audit;

4. the going concern assumptions and any qualifications;

5. compliance with accounting standards;

6. compliance with the Local Listing Rules and legal requirements in relation to financial reporting.

(V) regarding (IV) above:

1. the members of the Audit Committee should liaise with the Board of Directors and senior management and the Audit Committee shall convene meeting, at least twice a year, with the Company's audit firm;

2. the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting, or audit firm.

(VI) to review and supervise the Company's financial control and internal control systems on an ongoing basis. When performing these duties, the Audit Committee shall:

1. conduct at least annually a review of the effectiveness of the internal control system of the Company (including the subsidiaries of the Company);

2. ensure that the relevant review has covered all material control aspects, including financial control, operational control and compliance control. When conducting the annual review, the Audit Committee shall pay special attention to the followings:

   (1) the changes in the nature and severity of significant risks since the last annual review and the capabilities of the Company to respond to changes in its business and external environment;

   (2) considering the report prepared by the management and submitted to the Board of Directors on reporting the effectiveness of the internal control system, and review the scope and quality of the management's continuous monitoring of the internal control system, as well as the internal audit function and the work of other departments responsible for providing other assurances;

   (3) the level of detail and frequency of communication of monitoring results to the Board of Directors, to assist the Board of Directors to evaluate the effectiveness of the internal control system of the Company;

   (4) significant monitoring failures occurring during the period or significant monitoring weaknesses identified, along with the severity of unforeseen consequences or emergencies resulting therefrom, where such consequences or emergencies have had, may have had, or may in the future have a material impact on the Company's financial performance or condition; and

   (5) examining the Company's financial reporting procedures and compliance with the requirements of the Local Listing Rules, including the effectiveness of the procedures for handling and disclosing inside information and the internal control measures.

(VII) to discuss the internal control system with management to ensure that management has fulfilled its responsibilities in establishing an effective internal control system, including ensuring that the Company has adequate resources, staff qualifications and experience in accounting, internal audit, and financial reporting functions, and that the training programs and related budgets for staff are sufficient;

(VIII) to consider major investigations findings on internal control matters as delegated by the Board of Directors or on its own initiative and management's response to these findings;

(IX) to ensure co-ordination between internal audit department and external audit firm; and to ensure that the internal audit function is adequately resourced for operating within the Company, and is able to conduct independent evaluation on the effectiveness of internal control of the Company and has appropriate standing; and to review and monitor the effectiveness of internal audit, supervise the internal audit system of the Company and its implementation;

(X) to review the Company's financial and accounting policies and practices;

(XI) to review the audit management letter provided by the external audit firm to management, including any significant questions raised by the audit firm regarding accounting records, financial accounts, or control systems, along with management's responses;

(XII) to ensure that the Board of Directors will provide a timely response to the issues raised in the external audit firm's letter to management;

(XIII) to review the Company's arrangements for employees to raise concerns confidentially about possible improprieties in financial reporting, internal controls, or other matters. The Audit Committee shall ensure that appropriate arrangements are in place for the Company to conduct fair and independent investigations into such matters and take appropriate action; and serve as the primary liaison between the Company and the external auditors, overseeing the relationship between the two;

(XIV) to review the Company's internal control audit report and evaluation report, the annual assessment report on the performance of the external audit firm, the report on the fulfillment of supervisory duties over the external audit firm, the annual internal audit work report and plan, and provide guidance on internal audit methods and procedures;

(XV) to report to the Board of Directors on matters specified in Code Provision D.3.3 of the Corporate Governance Code in the Appendix to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and on decisions or recommendations of the Audit Committee, unless restricted by legal or regulatory restrictions;

(XVI) to exercise the powers of the Supervisory Committee as stipulated in the Company Law, including:

1. Assume the supervision responsibility for the overall risk management and consolidation management of the Company, and supervise the construction and operation effectiveness of the overall risk management and consolidation management mechanism of the Company;

2. Supervise the actions of directors and senior management in performing their duties and in fulfilling their responsibilities for risk management, compliance management, and consolidated management; and question or propose the removal of directors and senior management who violate laws, administrative regulations, the Articles of Association, resolutions of shareholders' meetings or are responsible for the occurrence of major compliance risks and other major risk events;

3. Demand that directors or senior management correct their actions when such actions are found to be detrimental to the Company's interests;

4. Demand that the Board of Directors correct the contents of its resolutions when such contents are found to be in violation of laws, administrative regulations or provisions of the China Securities Regulatory Commission (the "CSRC");

5. Propose the convening of an extraordinary general meeting, and convene and preside over the shareholders' meeting when the Board fails to perform its duty of convening and presiding over the shareholders' meeting under the Company Law;

6. Submit proposals to the shareholders' meeting;

7. Initiate lawsuits against directors and senior management in accordance with the provisions of Article 189 of the Company Law;

8. Review financial information such as financial reports and profit distribution plans to be submitted by the Board of Directors to the shareholders' meeting; where doubts arise or abnormal business operations are identified, investigations may be conducted; when necessary, certified public accountants, practicing auditors, lawyers, or other professionals may be engaged to assist in the work, with the costs borne by the Company;

9. Organize departure audits for senior management;

10. Other functions and powers of the Supervisory Committee as prescribed by laws and regulations, and the local securities regulatory authorities and stock exchanges.

(XVII) other duties assigned by laws and regulations, relevant provisions of the securities regulatory authorities of the place of listing and stock exchanges and the Board of Directors.

Article 8 The following matters shall be submitted to the Board of Directors for consideration with the approval of a majority of all members of the Audit Committee:

(I) disclosure of the financial information and internal control evaluation report in the financial accounting reports and regular reports;

(II) engagement or dismissal of the accounting firm which undertakes the Company's audit business;

(III) appointment or dismissal of the person in charge of finance of the Company;

(IV) changes in accounting policies and accounting estimates or correction of material accounting errors due to reasons other than changes in accounting standards;

(V) other matters stipulated by the laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

Article 9 The office of the Board of Directors of the Company shall complete all preparation work of the Audit Committee meeting with the relevant departments and provide the written materials on internal control, including but not limited to:

(I) management's analysis, proposals, and summary reports on internal controls, along with confirmation of their effectiveness, periodic risk assessment reports and consolidated management status;

(II) work report of the internal audit department, including the analysis on the effectiveness and sufficiency of internal control;

(III) reports from the accounting department on the effectiveness of financial reporting procedures, compliance reports from the compliance department, internal control evaluation reports from the internal control evaluation working group.

CHAPTER 4 DUTIES OF THE CHAIRMAN OF THE AUDIT COMMITTEE

Article 10 The chairman of the Audit Committee shall primarily:

(I) convene and chair the meetings of the Audit Committee;

(II) supervise and inspect the implementation of the resolutions of the Audit Committee;

(III) perform other duties assigned by the Board of Directors and the Audit Committee.

CHAPTER 5 PROCEDURES FOR CALLING AND NOTIFYING OF MEETINGS OF THE AUDIT COMMITTEE

Article 11 The Audit Committee may convene ad hoc meetings at the request of two or more of its members or when the convener considers it necessary. Meetings of the Audit Committee shall, in principle, be notified in writing to all of its members no less than three days before the date of the meeting and provide relevant materials and information, or, under special circumstances if so not objected by two thirds or more of all members, less than three days before the meeting, and/or notified in other ways.

Article 12 The notice of the meeting of the Audit Committee shall include:

(I) the date and venue of the meeting;

(II) the duration of the meeting;

(III) the cause and topic;

(IV) the date of the notice.

The topic and notice of the meeting of the Audit Committee shall be prepared by the chairman of the committee, and sent to all members by the office of the Board of Directors.

CHAPTER 6 DELIBERATION AND VOTING PROCEDURES OF THE AUDIT COMMITTEE

Article 13 In principle, meetings of the Audit Committee shall be held on site. Under the premise of ensuring that all participating members can fully communicate and express their opinions, the meetings may be held by video, telephone or other methods in accordance with the procedures if necessary.

Article 14 No meeting of the Audit Committee shall be held unless two thirds or more of the members of the committee are present. Each attendant shall cast one vote, by open ballot and in writing. Any resolution of the meeting must be adopted by a majority of all members before such resolution can become effective. In the case of equal votes, the chairman of the Audit Committee shall have one additional or decisive vote.

Article 15 The meeting of the Audit Committee shall be attended by members of the committee in person and not by proxy.

Article 16 Where the chairman of the Audit Committee is unable or fails to preside over the meeting for any reason, another independent non-executive director of the Audit Committee shall perform those duties, or if there are more than two independent non-executive directors, the

meeting shall be chaired by an independent non-executive director elected by a majority of the members; if the chairman is absent, an independent non-executive director elected by a majority of the members shall convene and preside over the meeting.

Article 17 According to the agenda of the meeting of the Audit Committee and if necessary, the committee may invite any other person related to any agenda item to attend the meeting to present relevant information or opinions, in which case such person shall not be absent from the meeting without cause and shall neither engage in the considerations of the meeting, nor shall they interfere with the process, voting or decision-making of the meeting.

Article 18 In principle, the Audit Committee will not deliberate on any topic or matter that is not listed on the notice of the meeting. Under exceptional circumstances, deliberations and decisions on such new item or matter can only take place upon approval of two thirds or more of all members.

Article 19 The Audit Committee shall meet with the external audit firm without presence of any operations management member at least once a year, in order to discuss any matters in relation to the audit cost, any matters arising out of the audit work and any other matters raised by the external audit firm.

Article 20 The Audit Committee shall, at the invitation of the chairman of the Board of Directors, send its chairman or, in his or her absence, another member of the committee or his or her authorized representative, to answer questions at the annual general meeting.

CHAPTER 7 RESOLUTIONS AND MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

Article 21 Voting results at the meeting of the Audit Committee shall be carried in a resolution and recorded in the minutes of the meeting. If the member is an independent non-executive director, his or her opinions shall be included in the minutes of the meeting. Such resolution and minutes of the meeting shall be signed by all members present. Written copies of the resolution and minutes of the meeting shall be provided to all members for record purposes, and shall be kept as company files for at least ten years as long as the Company continues to exist.

Article 22 The resolution of the meeting of the Audit Committee shall include:

(I) the date, venue and the name of the convener of the meeting;

(II) the number of members who should be present and the number of members who are actually present;

(III) a statement on the legality and validity of the relevant procedures and resolutions of the meeting;

(IV) the content of the resolution deliberated and voted upon by the meeting, and the results of the voting;

(V) other matters that should be explained and recorded in the resolution.

Article 23 Where the Audit Committee resolves on any resolution that requires further consideration by the Board of Directors, such resolution shall be timely submitted to the Board of Directors.

CHAPTER 8 POWERS OF THE AUDIT COMMITTEE

Article 24 The Audit Committee is, within the scope of powers provided for in its terms of reference, provided with sufficient resources to perform its duties, and may investigate any act or action, for which purpose all employees must cooperate with the committee. The Board of Directors may, as appropriate, authorize the Audit Committee to seek external legal or other independent professional advice or invite them to attend meetings of the Audit Committee, with the costs borne by the Company.

Article 25 Where the Audit Committee suspects any fraudulent behavior or incompliance, internal control failure, or any violation of laws and regulations, and determines that such act is of a serious nature, the committee shall report the same to the Board of Directors.

Article 26 If the Audit Committee is unable to convene normally, encounters abnormal circumstances during its meetings, or if the validity of its resolutions is disputed, relevant information shall be promptly disclosed, including the claims of the disputing parties, the current status of the Company, and other information that helps investors understand the actual situation of the Company, as well as the special legal opinion issued by the lawyer.

Article 27 Where the Board of Directors and the Audit Committee disagree on the appointment, reappointment, dismissal and replacement of the external audit firm, the Audit Committee may include in the Corporate Governance Report of the Company's Annual Report an explanation of the Audit Committee's opinion and the reasons for the Board of Director's disagreement.

CHAPTER 9 MISCELLANEOUS

Article 28 Unless specified otherwise, all the terms herein shall have the same meanings as those in the Articles of Association.

Article 29 Any matter not detailed herein, or any inconsistency herein with any laws, regulations and rules, the Local Listing Rules or the Articles of Association that are promulgated or amended after these rules becomes effective, shall be implemented in accordance with the relevant national laws, regulations and rules, the Local Listing Rules or the Articles of Association.

Article 30 Where these rules need to be amended due to change of circumstances, the Audit Committee shall prepare a draft amendment and submit the same to the Board of Directors for consideration and approval.

Article 31 These rules and their amendments shall become effective upon the approval by the Board of Directors.

Article 32 These rules shall be interpreted by the Board of Directors.

Article 33 These rules will be published on the website of the Company and the websites of the exchanges on which its shares of the Company are listed, pursuant to the Local Listing Rules.