Anhui Conch Material Technology Co., Ltd.
安徽海螺材料科技股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02560)

TERMS OF REFERENCE AND RULES OF PROCEDURES OF THE AUDIT COMMITTEE UNDER THE BOARD

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to enhance the internal control, audit and connected transaction systems, ensure effective management of the Board for the senior management members of Anhui Conch Material Technology Co., Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") in financial reporting, risk management and internal control, and improve the corporate governance structure, the audit committee under the Board is established and these rules of procedures are formulated in accordance with the relevant laws and regulations of 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 (the "**Hong Kong Listing Rules**") and the requirements of the Articles of Association of Anhui Conch Material Technology Co., Ltd. (Applicable After the Issuance of Overseas Listed Foreign Shares) (the "**Articles of Association**").

Article 2 The Audit Committee (the "**Committee**") is a standing committee under the Board, exercising the powers and functions as defined in the Terms of Reference and Rules of Procedures of the Audit Committee under the Board approved and enacted by the Board, as well as the powers and functions of the supervisory committee as stipulated by the Company Law, and is principally responsible for reviewing and monitoring the following areas:

(I) truthfulness of financial reports and procedures for financial reporting;

(II) effectiveness of risk management and internal control systems;

(III) ensuring the adequacy of resources, qualifications and experience of the accounting and financial reporting staff in accounting, internal audit and financial reporting functions of the Company and their staff training programs and budget expenditure;

(IV) reviewing the findings of internal investigations and management's response regarding any suspected fraudulent activities or irregularities or suspected violations of laws, rules and regulations;

(V) assessing whether the Company has any significant failings or weaknesses in internal control;

(VI) ensuring the extent and frequency of adequate and effective communication of monitoring results by the relevant functional departments to the Board and its committees;

(VII) assessing the changes in the nature and severity of significant risks faced by the Company in the previous year and the Company's ability to respond to the changes in its businesses and external environment;

(VIII) performance of internal audit functions and personnel;

(IX) appointment of external auditors and assessment of their qualifications, independence and performance;

(X) periodic review and annual audit of the Group's financial reports; and

(XI) compliance with relevant accounting standards and legal and regulatory requirements on financial information disclosures.

Article 3 The Committee shall be responsible for risk management and monitoring and shall be accountable to the Board. The senior management members shall be responsible for the preparation, submission and truthfulness of financial reports and provide the confirmation to the Committee regarding the effectiveness of the relevant risk management and internal control systems. The senior management members and external auditors shall both be ultimately accountable to the Board and shareholders.

CHAPTER 2 COMPOSITION

Article 4 The Committee shall consist of at least three members who shall all be non-executive directors, and a majority of the members shall not hold positions in the Company other than as directors and shall not have any relationship with the Company that may affect their independent and objective judgment. All members of the Audit Committee shall be directly appointed by the Board, and a majority of the members shall be independent non-executive directors. The Committee must be chaired by an independent non-executive director who possesses financial professional qualifications or accounting or related financial management expertise as required under the Listing Rules of the place where the Company's shares are listed.

Article 5 At least one member of the Committee shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

Article 6 A former partner of the existing auditor responsible for auditing the Company's accounts shall not serve as a member of the Audit Committee of the Company within two years after any of the following dates (whichever is later):

(I) the date when it ceases to be a partner of the accounting firm; or

(II) the date when it ceases to have any financial interest in the accounting firm.

Article 7 Members of the Committee shall attend meetings of the Committee regularly, and shall actively express their opinions on matters proposed at the meetings, have a thorough understanding of the roles and responsibilities of the Committee and themselves as members of the Committee, and be familiar with the operation mode, business activities and development of the Group.

Article 8 The person in charge of internal audit of the Group shall be present at the meetings of the Committee to provide assistance. At the request of the Committee, the senior management members, the person in charge of the finance department and representatives of external auditors of the Group shall also be in attendance at some or all meetings of the Committee or participate in the discussion of certain matters proposed at the meetings.

Article 9 The secretary to the Board or the joint company secretaries or their proxies shall be the secretary of the Committee.

CHAPTER 3 DUTIES AND RESPONSIBILITIES

Article 10 The Committee shall be responsible for reviewing and monitoring the effectiveness of the financial reporting procedures implemented by the senior management members and their compliance with relevant laws and regulatory regulations.

Article 11 The Committee shall review the following with the senior management members and the internal and external auditors:

(I) the appropriateness of the Group's accounting and financial reports, including compliance with the accounting standards, any complex or unusual transactions, accounting treatment of significant risks and uncertainties and areas requiring highly subjective judgment;

(II) major judgmental areas;

(III) the going concern assumptions and any qualifications;

(IV) material adjustments arising from audit;

(V) significant accounting and financial reporting issues raised by internal and external auditors;

(VI) latest developments of or significant changes to the Group's existing accounting policies and recommendations to the Board on any significant new policies or significant changes to existing policies;

(VII) compliance with the Hong Kong Listing Rules in relation to financial reporting and any legal requirements;

(VIII) other reports submitted by the Board in relation to the duties and responsibilities of the Committee.

Article 12 The Committee shall review with the senior management members and the internal and external auditors and approve or, if necessary, recommend for approval by the Board:

(I) the audited annual financial reports together with the report of the external auditors;

(II) the interim financial reports;

(III) the quarterly results, if applicable;

(IV) all the financial information contained in important publicly disclosed documents, including prospectus, shareholder circular and other documents concerning placement of shares.

Article 13 The following matters shall be approved by a majority of all members of the Committee before the Board making a resolution:

(I) the appointment and dismissal of the accounting firm that undertakes the Company's auditing business;

(II) the appointment and dismissal of the financial officer(s);

(III) the disclosure of financial and accounting reports;

(IV) other matters stipulated by the securities regulatory authority of the State Council.

Article 14 In reviewing financial reports, the Committee shall pay attention to any changes in accounting policies and practices.

Article 15 If a dividend proposal submitted by the senior management members deviates from the dividend policy approved by the Board, the Committee shall review such dividend proposal and make recommendations to the Board.

Article 16 The Committee shall review with the senior management members and the internal auditors the measures and procedures for control of the regulatory documents submitted by the Group to the regulatory authorities.

Article 17 The Committee shall review and evaluate whether the senior management members has established appropriate risk management and internal control systems. This function is part of the Committee's risk management and control duties to establish proper and effective risk management and internal control systems. It is the responsibility of the senior management members to confirm to the Committee as to the effectiveness of the risk management and internal control systems. The Committee shall discuss with the senior management members in relation to the risk management and internal control systems and ensure that the management has performed its duties to establish effective risk management and internal control systems.

Article 18 The Committee shall review the internal audit programs of the Company and its subsidiaries, review annual audit plans with the internal auditors and provide guidance to them so as to consider the adequacy of the accounting system, risk management and the degree of internal control.

Article 19 With the help of risk management personnel and internal auditors, the Committee shall at least annually conduct a review of the soundness and effectiveness of the risk management and internal control hierarchy, mechanism and system of the Group, and advise and make recommendations towards the improvement of the risk management and internal control systems of the Group. Such review shall cover all important monitoring areas, including the functions of financial monitoring, operational monitoring and compliance monitoring, and monitoring of the implementation of the Group's risk management system. The Committee shall discuss with the management the risk management and internal control systems and ensure that the management has performed its duties to establish such effective systems. This discussion shall include the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions and their staff training programs and budget. The Committee shall discuss with the management about the scope and quality of the ongoing monitoring of risks and the internal control system as well as the internal audit function and work of

other providers of assurance. The Committee shall take the initiative to or, upon delegation by the Board, consider the major investigation findings on risk management and internal control matters as well as the management's response to the investigation results. The Committee shall oversee the management in the design, execution and supervision of the risk management and internal control systems, and urge the management to confirm whether the abovementioned systems are effective.

Article 20 With regard to financial reporting, the Committee should ensure the following:

(I) Management should provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval;

(II) Management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, financial position and prospects in detail to enable directors to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules;

(III) The directors acknowledge in the Corporate Governance Report their responsibility for preparing the accounts, and external auditors should also make a statement on their reporting responsibilities in the auditor's report on the financial statements. Unless it is inappropriate to assume that the Company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the issuer's ability to continue as a going concern, such uncertainties should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report by the directors. The Corporate Governance Report should contain sufficient information to enable investors to understand the seriousness and significance of the event. To the extent reasonable and appropriate, the issuer may make reference to other parts of the annual report. Such references must be clear and unambiguous, and the Corporate Governance Report should not contain cross-references without any discussion of the relevant matters;

(IV) The Board should present a balanced, clear and understandable assessment in annual and interim reports, and other financial disclosures required by the Listing Rules. In addition, it should also do so for reports to regulators and information disclosed under statutory requirements.

Article 21 The Committee shall particularly focus on the following in conducting such annual review:

(I) the changes since the last annual review in the nature and severity of significant risks (including environmental, social and governance risks), and the Group's ability to respond to the changes in its internal businesses and the external environment;

(II) the scope and quality of the senior management members' ongoing monitoring of risks (including but not limited to compliance risks on financial reporting, accounting and external reporting as well as environmental, social and governance risks) and the internal control system and, if applicable, the internal audit function and work of other providers of assurance;

(III) the effectiveness of the internal control system established by the senior management members to monitor transactions entered into or to be entered into between any member of the Group and any connected person or connected party within the meaning of the Hong Kong Listing Rules;

(IV) the effectiveness of the Group's procedures in relation to financial reporting and compliance with the Hong Kong Listing Rules;

(V) the work of the internal risk management and audit functions and other supervision departments, including the reports (both regular and exceptional) issued by the risk management personnel and internal auditors, management recommendations submitted by the external auditors as well as the senior management members' responses, and any examination reports issued by regulatory authorities and the senior management members' responses. The Committee shall also meet with the senior management members, the risk management personnel, the internal auditors and the external auditors to discuss findings from its work and the solutions, or otherwise, any difficulties encountered;

(VI) the extent and frequency of communication of monitoring results to the Committee which enables it to form a continuous assessment of the Group's state of control and the effectiveness of financial reporting risk management;

(VII) the incidence of significant control failings or weaknesses that have been identified at any time during the relevant period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could already have had, or may in the future have, a material impact on the Group's financial performance or condition;

(VIII) regarding risk management matters that may have a significant impact on the Group's financial position and reputation, ensuring that the above matters have been properly addressed, and ensuring that any significant impact of these matters is reflected in the financial reports; and

(IX) the adequacy of resources, qualifications and experience of staff of the Group's accounting, risk management, internal audit and financial reporting functions and the Company's environmental, social and governance performance and reporting and their staff training programs and budget.

Article 22 The Committee shall review arrangements under which employees of the Group may raise concerns about possible improprieties in financial reporting, internal control or other matters privately. The Committee shall ensure that proper arrangements are in place for the fair and independent investigations of such matters and for appropriate follow-up action; and act as the primary representative for overseeing the relationship between the Company and the external auditors.

Article 23 The Committee shall study important investigation results on risk management and internal control matters (whether the investigation is conducted as delegated by the Board or upon the Committee's own initiative) and the senior management members' response to these results.

Article 24 The Committee shall:

(I) regularly assess and monitor the effectiveness of the internal audit function, review and approve the duties and responsibilities and structure of internal audit with reference to the opinions of the senior management members and the person in charge of internal audit, and ensure that it has an appropriate standing and no unreasonable restrictions are imposed on its function;

(II) be informed of the results of assessment on the person in charge of internal audit;

(III) approve the results of assessment on other senior members of the internal audit team as advised by the person in charge of internal audit and report the same to the Audit Committee;

(IV) review, monitor, examine and approve the audit programs, approaches, annual audit plans and budgets for internal audit and ensure the independence of internal audit and sufficient resources available to conduct relevant work; and

(V) ensure adequate communication and coordination between the internal audit department and external auditors.

Article 25 The Committee shall urge relevant functional departments to disclose, in the Corporate Governance Report, how the Company has complied with the risk management and internal control code provisions during the reporting period. In particular, they shall disclose:

(I) the procedures used by the Company to identify, evaluate and manage significant risks;

(II) the main features of the Company's risk management and internal control;

(III) the procedures used by the Company to review the effectiveness of risk management and internal control systems;

(IV) the procedures and internal control measures of the Company for handling and dissemination of inside information;

(V) the Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness. The Board should also explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss;

(VI) the frequency of the Board for reviewing risk management and internal control systems and whether the systems are adequate and effective in the view of the Company.

Article 26 The Committee shall also urge the Board to disclose, in the Corporate Governance Report, whether it has obtained the confirmation from the management on effectiveness of the Company's risk management and internal control systems and urge the Board to disclose details of other important concerns.

Article 27 The Committee shall:

(I) review relevant reports submitted by internal audit, and the senior management members' responses to any identified weaknesses on internal control; and

(II) receive and review internal audit reports summarizing the senior management members' responses to matters for which no measures have been taken, and the status of the measures taken in respect of those matters.

Article 28 The Committee shall individually meet the person in charge of internal audit in the absence of senior management members or executive directors to discuss any issue necessary to be discussed individually in the Audit Committee's or internal auditors' view.

Article 29 The Committee is responsible for monitoring external auditors, reviewing and monitoring the independence and objectivity of external auditors, as well as the effectiveness and compliance of audit methods to ensure external auditors are ultimately accountable to the Board, the Committee, and shareholders.

Article 30 The Committee shall make recommendations to the Board on the selection, appointment, reappointment and removal of external auditors so as to submit the same to the general meeting for approval, and approve the remuneration and terms of employment of external auditors. The Committee shall deal with any issue of the resignation or dismissal of such auditor. In the event of resignation of any external auditors, the Committee shall look into the details of the resignation and clarify with the outgoing external auditors whether there is any work matter or reason for resignation requiring the Board's and the shareholders' attention.

Article 31 When the Board disagrees about the opinions of the Committee on selection, appointment, resignation, or dismissal of an external auditor, the Company shall be obligated to specify the Committee's statement on its suggestions and the reason why the Board disagrees in the Corporate Governance Report.

Article 32 The Committee shall discuss with external auditors the nature and scope of the audit and related reporting obligations before the Committee and the external auditors commence the audit work, review and monitor the external auditors' independence and objectivity and the effectiveness of the audit procedures in accordance with applicable standards, and ensure that the audit plan is risk-based and covers all relevant measurable activities during the entire accounting period, and coordinate the internal and external audit work. The Committee shall also review with external auditors (and senior management members) all matters to be reported to the Committee in relation to general accounting standards.

Article 33 The Committee shall review and monitor the completeness, accuracy and fairness of interim and annual reports and financial statements and review significant financial reporting judgments contained in the reports and statements before submission to the Board with particular regard to changes in accounting policies and practices, major judgmental areas, adequacy of information disclosure, consistency between the financial statements and prior disclosures, any significant audit adjustments, the going concern assumption and any qualifications statement, and all applicable laws and accounting standards and compliance with the Hong Kong Listing Rules and other legal requirements in relation to the financial reporting.

Article 34 The Committee shall review and examine the audit results with external auditors, internal auditors and senior management members, and report the same to the Board. The specific scope of review shall include but not limited to:

(I) the external auditors' evaluation on the Group's internal accounting systems and relevant opinions;

(II) examining the extent to which the management has cooperated with external auditors and the response, including any material queries raised by the external auditor to management about accounting records, financial accounts or control systems, any major problems arising from the audit and any restrictions imposed by the senior management members, or disagreement with the senior management members on significant accounting issues;

(III) existing or potential problems related to accounting and/or audit matters and any accounting errors, and any changes in accounting procedures and/or internal control system identified or arising during the audit;

(IV) examining the audit explanatory letter submitted by external auditors to senior management members and the management's responses thereto, and ensure that the management will provide a timely response to the issues raised in the audit explanatory letter, response from senior management members and follow up any identified weaknesses in time;

(V) the appropriateness and standardization of principal accounting policies and treatments of the Group, and adoption of new accounting policies and treatments; and

(VI) any other financial treatments that have been discussed with the senior management members, specific application of existing treatments and external auditors' suggested treatments, as well as any other material events communicated with the senior management members.

For the purpose of (V) above, the Committee shall coordinate the settlement of any disagreements and disputes between the senior management members and external auditors arising from financial reporting, in order to ensure the smooth preparation or issue of audit reports or implementation of related work. In the event of any material weaknesses in the monitoring process identified, the Committee shall make recommendations to the Board on the actions to be taken.

Article 35 The Committee shall review the scope of audit and any other services provided by the external auditors and approve their fees and terms of service. As part of the review, the Committee shall:

(I) advise the external auditors to conduct any supplementary audit as deemed appropriate by the Committee;

(II) review, with the external auditors, recent or expected developments of accounting principles or accounting practices that may affect the Company or the scope of audit; and

(III) discuss major expected audit issues, if any.

Article 36 The Committee shall develop and implement policies on non-audit services provided by the external auditor. For this purpose, "External Auditors" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Committee should report to the Board, and making recommendations on any matters where action or improvement is needed. For non-audit services, the Committee shall consider:

(I) whether there are preventive measures or whether it is necessary to take or advise the Board to take appropriate measures to ensure that external auditors' objectivity and independence in carrying out audit work will not be compromised when they provide such non-audit services; and

(II) the nature of non-audit services, the related fee levels and the fee levels both on an individual and collective basis relative to the external auditors.

Article 37 The Committee shall annually review all non-audit works performed by the external auditors to ensure that such non-audit works do not involve any impermissible non-audit work and do not impair the independence of the external auditors.

Article 38 The Committee shall approve the policy on hiring employees or former employees of external auditors and monitor the adoption of such policy to assess whether it has affected or is likely to affect the judgment or independence of the external auditors in carrying out audit work.

Article 39 For the purpose of Article 33 above, the members of the Committee shall liaise with the Board and senior management members, and meet with the external auditors at least twice a year to discuss matters regarding the audit fees, any matters arising from audit and any other matters the external auditors wish to discuss.

Article 40 The Committee shall preliminarily consider the connected transactions requiring approval from the general meeting and the Board, and shall submit the same to the Board for approval.

Article 41 The Committee shall consider and approve connected transactions or accept the filing of connected transactions within the scope of authorization of the Board.

Article 42 Subsequent to the year end, the Committee shall submit to the Board a special report on connected transactions and implementation of the connected transaction management system during the year which shall fully and accurately report the overall positions, degree of risk and structural distribution of the connected transactions which the Company has conducted during the year.

Article 43 The Committee shall review the soundness of the arrangements under which the Company permits the employees to report or complain about any irregularities of the Company both covertly and by anonymous in financial reporting, internal control or other related areas, and ensure that the Company has appropriate arrangements for fair and independent investigation and follow-up on relevant matters.

Article 44 The Committee shall study other subjects as determined by the Board, keep the Board informed of any events which may have a material effect on the Group's financial position or business development, and make appropriate recommendations to the Board.

Article 45 The Committee shall handle other matters stipulated by laws, regulations, regulatory documents and the Articles of Association, required by the securities regulatory authorities of the place where the shares of the Company are listed and authorized by the Board (including studying other subjects determined by the Board).

Article 46 The Committee shall communicate with other committees on a regular basis, ensure all material risk management issues and irregularities have been thoroughly discussed and followed up by taking into account the Board's responsibilities for the control of all risks, and ensure appropriate coordination has been provided to all reviews on internal control systems conducted by the Committee through audit.

Article 47 The Committee shall upload these rules of procedures to the websites of The Stock Exchange of Hong Kong Limited and the Company, in order to explain its role, duties and authority as delegated by the Board.

CHAPTER 4 POWER

Article 48 The Committee has the right to seek adequate administrative support from senior management members of the Group for the work of the Committee, and has separate and independent access to senior management members of the Group.

Article 49 Senior management members are expected to support the work of the Committee in the best possible faith to ensure that they provide the Committee with all necessary information that is appropriate in respect of the Group's operation, business, status etc. for the Committee to fulfil its responsibilities on a timely basis. The Committee has the right to request any member of senior management members and any employee of the Group to promptly and as comprehensively as possible respond to the queries raised by any member of the Committee. Information provided to the Committee shall be accurate and complete, and be in the form and of the quality enabling the Committee to make an informed decision.

Article 50 The Committee has the right to act on its own or at the appointment by the Board to investigate and consider major internal control issues, review the Group's operating, financial and accounting policies and practices, study relevant findings and responses of the senior management members, and report the results of the investigation or review to the Board and make relevant recommendations.

Article 51 Members of the Committee may, upon reasonable request, seek independent professional advice for their decision-making in appropriate circumstances, at the Group's expense. In the event of seeking advice from an external consultant, such consultant shall be appointed by the chairman of the Committee and its opinions shall be directly submitted to the chairman of the Committee (independent of the senior management members).

CHAPTER 5 RULES OF PROCEDURES

Article 52 The Committee shall convene meetings with the Group's auditors at least twice a year before the periodic meetings of the Board. Notices shall be given to all members no less than 3 business days prior to the meeting. Such notice period may be waived with the written consent of more than half of the members of the Committee.

Article 53 Extraordinary meetings may be convened upon proposal by the chairman or more than half of all members of the Committee. Notices of extraordinary meetings shall be given to all members no less than 3 business days prior to the meeting. Such notice period may be waived with the written consent of more than half of the members of the Committee.

Article 54 Materials and notice of the meetings of the Committee shall be issued simultaneously. All members shall familiarize themselves fully with the meeting materials prior to the meeting.

Article 55 In principle, the meetings of the Committee shall be convened by way of a physical meeting in the presence of more than half of all members. However, in order to allow all members to fully express their opinions, the meetings may also be convened by telecommunication means or circulation of written resolutions. Telecommunication means refer to the use of telephone, video conference and other means to participate in the meeting; circulation of written resolutions refers to the way of making decision on proposals through separate or circulated service. The quorum of the meetings of the Committee shall be two members of the Committee, one of whom must be an independent non-executive director.

Article 56 The chairman of the Committee shall preside over meetings of the Committee. In the event that the chairman of the Committee is unable to attend, another member (who is an independent non-executive director) may be designated to preside over the meetings. If such designation is not made, more than half of the members being present shall select a member (who is an independent non-executive director) to preside over the meetings.

Article 57 Members of the Committee shall attend the meetings in person. In the event that a member is unable to attend, he/she may authorise another member in writing to attend and vote on his behalf. The proxy who attends and votes at the meeting shall submit the power of attorney to the chairman of the meeting before it begins. The power of attorney shall set out the name of the principal, name of the proxy, matters delegated, voting instructions on matters proposed at the meeting (for or against), scope and validity period of authorization, and shall be signed or sealed by the principal. The proxy shall exercise the right within the scope of authorization. The principal who authorizes other members to attend the meeting on his behalf shall be solely liable to any decisions made by the proxy within his scope of authorization.

Article 58 Votes at the meetings of the Committee shall be conducted by a show of hands, voice voting, or open ballot. Every member shall have one vote. Resolutions made at the meetings shall not take effect unless they are passed by more than half of all members (including members unable to be present). Members of the Committee shall give express votes, either for or against and may not abstain from voting.

Article 59 Representatives of the auditors shall usually attend the meetings of the Committee to provide assistance. At the request of the Committee, it may also invite non-members of the Committee such as directors, relevant senior management members and head of relevant departments of the Company to be in attendance at some or all of the meetings of the Committee. Prior approval from the chairman of the Committee shall be obtained for the list of such persons in attendance at the meeting.

Article 60 Any member who is involved in any resolution considered at the meetings of the Committee, along with his associates, shall abstain from attending the meetings.

Article 61 Full records of the meetings of the Committee shall be kept. Minutes of the meetings of the Committee shall sufficiently record the matters considered and decisions reached by the Audit Committee and auditors in detail, including any concerns raised by the directors or dissenting views expressed. Draft and final versions of minutes should be sent to all members of the Committee for their comments and records respectively, in both cases within a reasonable period of time after the meeting. Members attending the meetings shall sign on the final version of the minutes.

Article 62 Members of the Committee and persons in attendance at the meetings are obligated to keep all considered matters confidential and shall not disclose such information without approval.

CHAPTER 6 REPORTING PROCEDURES

Article 63 All minutes of the meetings prepared by the Committee in accordance with the Article 61 regarding the rules of procedures shall be kept by the secretary of the Audit Committee and be available for inspection at any reasonable time on reasonable notice by any director.

Article 64 The Committee shall regularly report to the Board on matters set out in these rules of procedures, including the work of the Committee, unless those committees are restricted by legal and regulatory restriction and cannot report.

CHAPTER 7 ANNUAL GENERAL MEETING

Article 65 The chairman of the Committee shall attend annual general meetings of the Company and be prepared to answer any shareholder's questions in relation to the duties of the Audit Committee.

Article 66 If the chairman of the Committee is unable to attend an annual general meeting of the Company, he shall arrange for another member (who must be an independent non-executive director) of the Committee to attend in his place. Such member shall be prepared to answer any shareholder's questions in relation to the work of the Committee at the annual general meeting.

CHAPTER 8 EFFECTIVE DATE AND AMENDMENTS

Article 67 Upon the date of approval by the Board, these rules of procedures shall become effective and be implemented. Where it is necessary to amend these rules of procedures in light of changes in circumstances, the amendments shall be proposed by the Committee and submitted to the Board for consideration and approval.

Article 68 Matters not covered by these rules of procedures shall be handled in accordance with the requirements of relevant state laws and regulations, the Hong Kong Listing Rules and the Articles of Association of the Company; in case there is any inconsistency between these rules of procedures and any future relevant state laws and regulations, the Hong Kong Listing Rules or the Articles of Association of the Company amended by lawful procedures, the relevant state laws and regulations, the Hong Kong Listing Rules and the Articles of Association of the Company shall prevail and these rules of procedures shall be amended accordingly, subject to the approval of the Board.

Article 69 These rules of procedures shall be interpreted by the Board.

Approved and adopted by the Board on 27 November 2025, with effective from 31 December 2025

(There is no text below)