



## **Chifeng Jilong Gold Mining Co., Ltd.**

**赤峰吉隆黄金矿业股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(H Shares Stock Code: 6693)**

### **Terms of Reference of the Audit Committee of the Board of Directors**

The terms of reference of the Audit Committee of the board (the “**Board**”) of directors (the “**Directors**”) of Chifeng Jilong Gold Mining Co., Ltd. (the “**Company**”) are set out below.

#### **CHAPTER 1 GENERAL PROVISIONS**

**Article 1** In order to strengthen the function of the decision making of the Board of Directors of the Company, conduct pre-audit and professional audit as well as to improve the Company's governance structure, the Audit Committee of the Board of Directors is established and the Terms of Reference of the Audit Committee were formulated by the Company in accordance with the Company Law of the People's Republic of China, the Guidelines for the Governance of Listed Companies, the Measures for the Administration of Independent Directors of Listed Companies, the Guidelines for Self-Regulation of Companies Listed on the Shanghai Stock Exchange No. 1 – Regulation of Operation, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of Chifeng Jilong Gold Mining Co., Ltd. and other relevant requirements.

**Article 2** The Audit Committee is a specialized body established by the Board of Directors. Its primary responsibilities include reviewing the Company's financial information and disclosures, assessing the implementation and effectiveness of the risk management system, and overseeing and evaluating both internal and external audit processes, as well as internal controls. The Audit Committee is accountable to the Board of Directors and reports its work to the Board of Directors.

#### **CHAPTER 2 MEMBERSHIP**

**Article 3** The Audit Committee shall consist exclusively of non-executive Directors, with a minimum of three members. At least one member must be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise that meets regulatory requirements. The majority of the Audit Committee members shall be independent Directors.

Members of the Audit Committee shall possess the necessary professional knowledge and experience to carry out the duties of the Audit Committee.

**Article 4** The members of the Audit Committee shall be nominated by the Chairman of the Board of Directors, by a majority of independent non-executive Directors, or by one-third of the total number of Directors. The members shall then be elected by the Board of Directors.

**Article 5** The Audit Committee shall have a chairman, who must be an independent Director with appropriate accounting or related financial management expertise, and who will be responsible for overseeing the Committee's activities. The chairman shall be elected by the Audit Committee members and be approved by the Board of Directors.

**Article 6** The term of office of an Audit Committee member shall align with the term of the Board of Directors. Members of the Audit Committee may be re-elected at the end of their term of office. If, during the term of office, a member ceases to be a Director of the Company or a member as an independent Director no longer satisfies the independence requirements set by the securities regulatory authorities in the jurisdiction where the Company's shares are listed, his/her membership shall be automatically terminated and a replacement shall be appointed by the Board of Directors in accordance with Articles 3 to 5 above.

**Article 7** A member of the Audit Committee may resign before the expiration of his/her term of office by submitting a resignation to the Board of Directors. The resignation letter shall include an explanation of the reasons for the resignation and any matters requiring the attention of the Board of Directors. If the resignation results in the Committee having fewer members than the minimum required by these Terms of Reference, the resigning member shall continue to perform his/her duties until a replacement is appointed by the Board of Directors.

**Article 8** The term of office for committee members may be adjusted upon proposal by the Chairman and subject to discussion and approval by the Board of Directors.

**Article 9** If the composition of the Audit Committee does not meet the requirements set forth in these Terms of Reference, the Board of Directors shall promptly issue an announcement in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, providing details and explanations for the failure to comply with the relevant requirements.

**Article 10** The Audit Department of the Company shall serve as the daily operational body supporting the Audit Committee.

### **CHAPTER 3 POWERS AND DUTIES**

**Article 11** The Audit Committee shall perform the following duties:

- (1) To supervise and evaluate the external audit work, advise the Board on the appointment, reappointment, removal, or replacement of the external audit firm, approve the remuneration and terms of engagement, and to address any matters related to the resignation or dismissal of the audit firm;
- (2) To review and monitor the independence and objectivity of the external audit firm, as well as the effectiveness of the audit procedures in accordance with applicable standards; the Committee shall discuss the nature, scope, methodology and reporting responsibilities of the audit with the audit firm before the commencement of the audit work;
- (3) To develop and implement policies regarding the engagement of the external audit firm to provide non-audit services. For this purpose, an external auditor includes any organization under common control, ownership, or management with the audit firm, or any organization that a reasonable and informed third party would reasonably consider to be part of the audit firm's domestic or international operations. The Committee shall report to the Board of Directors, identifying areas for action or improvement, and making recommendations as needed;

- (4) To monitor the integrity of the Company's financial statements, annual reports, interim reports, and quarterly reports; to review significant financial reporting issues, with particular attention to the potential for fraud, malpractice, or material misstatement in the financial statements. In reviewing the annual, interim, and quarterly reports before submission to the Board, the Committee shall pay particular attention to the following:
1. any changes in accounting policies and practices;
  2. areas involving significant judgment;
  3. significant adjustments arising from audits;
  4. assumptions regarding the Company's going concern status and any related qualifications;
  5. compliance with accounting standards;
  6. compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other legal requirements regarding financial reporting.
- (5) For the purpose of paragraph (4) of this Article:
1. Committee members shall liaise with the Board of Directors and senior management of the Company. The Committee shall meet with the Company's external audit firm at least twice a year;
  2. The Committee shall consider any significant or unusual matters reflected or required to be reflected in such reports and accounts, and give due consideration to any matters raised by the Company's accounting and financial reporting personnel, compliance officers or auditors;
- (6) To monitor the Company's financial control, internal control and risk management systems;
- (7) To guide, supervise and evaluate the risk control and management of the Company's major decisions, significant events and key business processes. assess the Company's potential risks, provide early warnings and recommend improvements to the Company's risk management practices;
- (8) To discuss the risk management and internal control systems with management, ensuring that management has fulfilled its responsibilities in establishing effective risk management and internal control systems. This includes evaluating whether the Company has adequate resources, appropriately qualified and experienced staff in accounting and financial reporting, and sufficient training and budget for staff development;

- (9) To consider, either on its own initiative or at the request of the Board of Directors, any significant findings from investigations into risk management and internal control, and review management's response to these findings;
- (10) To oversee and evaluate the internal audit function, coordinate between internal and external audits, ensure the internal audit function is adequately resourced and has appropriate standing within the Company, and assess the effectiveness of the internal audit system;
- (11) To review the Company's financial and accounting policies and practices, and to audit the Company's financial information and disclosures;
- (12) To examine the Explanatory Letter on Audit issued to management by the external audit firm, review any significant queries raised to the management by the audit firm regarding the Company's accounting records, financial statements or control systems, and assess management's responses to these queries;
- (13) To ensure that the Board of Directors provides timely responses to the issues raised in the Explanatory Letter on Audit issued by the external audit firm to the management;
- (14) To monitor the Company's arrangements that allow employees to raise concerns confidentially about potential improprieties in financial reporting, internal control or other areas. The Committee shall ensure that appropriate arrangements are in place for a fair and independent investigation of such matters, along with necessary follow-up actions;
- (15) To serve as the primary representative between the Company and the external audit firm, and to monitor the relationship between the two parties;
- (16) To supervise and evaluate the Company's internal control, and to review the Company's risk management strategies and significant risk management solutions;
- (17) To examine the Company's major transactions, including significant asset acquisitions, sales, and other key transactions;
- (18) To report to the Board of Directors on the matters outlined in these Terms of Reference;
- (19) To address other topics as defined by the Board of Directors;
- (20) To handle any matters required by applicable laws, regulations, securities regulatory authorities, stock exchanges where the Company's shares are listed, the Articles of Association of Chifeng Jilong Gold Mining Co., Ltd. and authorised by the Board of Directors.

**Article 12** The main duties and powers of the chairman are as follows:

- (1) To convene and preside over Committee meetings;
- (2) To supervise and evaluate the work of the Committee;
- (3) To sign relevant documents of the Committee;
- (4) To report the work of the Committee to the Board of Directors;
- (5) To attend the Company's annual general meetings and respond to shareholder questions on matters within the Committee's responsibilities. If the chairman of the Committee is unable to attend any annual general meeting, another member or an appointed delegate shall attend in their place;
- (6) To perform any other duties as required or conferred by laws, regulations, the rules of securities regulatory authorities, stock exchanges where the Company's shares are listed, the Articles of Association of Chifeng Jilong Gold Mining Co., Ltd. or the Board of Directors.

**Article 13** The rights and obligations of the Committee members are as follows:

- (1) To attend Committee meetings punctually, contribute to discussions, and exercise voting rights;
- (2) To propose issues for discussion at Committee meetings;
- (3) To attend or observe relevant meetings of the Company, conduct investigations and research, and obtain necessary reports, documents, materials, and other relevant information as required to fulfill their duties.
- (4) To fully understand the Committee's duties and their individual responsibilities as a member, remain familiar with the Company's management, business activities and development relevant to their duties, and ensure they are capable of performing their responsibilities;
- (5) To dedicate the necessary time and effort to fulfill their duties effectively;
- (6) To perform other duties as required or delegated by laws, regulations, the relevant rules of securities regulatory authorities and stock exchanges where the Company's shares are listed, the Articles of Association of Chifeng Jilong Gold Mining Co., Ltd. or the Board of Directors.

**Article 14** Regarding the engagement or replacement of the external audit firm, the Committee shall form its review opinion and make recommendations to the Board of Directors for consideration of the relevant proposal.

**Article 15** The Committee shall review the Company's financial accounting reports, assess their authenticity, accuracy and completeness, and focus on significant accounting and audit issues. It shall pay particular attention to potential fraud, malpractice and material misstatements in the financial reports, and oversee the rectification of any issues identified.

The Committee shall make recommendations to the Board of Directors regarding the appointment or replacement of the external audit firm, and review the audit fees and engagement terms, ensuring that these decisions are made without undue influence from the Company's substantial shareholders, de facto controller or Directors, supervisors, or senior management.

The Committee shall oversee the external audit firm to ensure it acts with honesty, integrity and diligence and adheres strictly to business regulations, industry self-regulatory standards and the internal control system. The Committee shall inspect and verify the Company's financial accounting reports, exercise special care in its duties and provide professional opinions with due prudence.

**Article 16** Members of the Audit Committee shall diligently perform their duties, effectively supervise and evaluate the Company's internal and external audit activities, and support the Company's establishment of robust internal controls and the production of accurate, truthful and complete financial reports.

If the Company's financial and accounting reports contain false records, misleading statements or material omissions, the Audit Committee shall urge the relevant departments to develop corrective measures and timelines, conduct follow-up reviews, supervise the implementation of these measures, and ensure timely disclosure of the completion of the corrective actions.

**Article 17** The Audit Committee shall be accountable to the Board of Directors and shall cooperate with the Supervisory Committee in its audit activities.

#### **CHAPTER 4 DECISION-MAKING PROCEDURE**

**Article 18** The Audit Department shall be responsible for preparing preliminary materials and providing written documentation to support the Audit Committee's decision-making, including:

- (1) The internal audit plan;
- (2) Relevant financial reports of the Company;
- (3) The work report of the internal audit department;
- (4) The external audit contract and related work report;
- (5) External disclosures of the Company;
- (6) Audit report on the Company's material related transactions;

- (7) Risk assessment report;
- (8) Audit report on major events;
- (9) Other relevant information.

**Article 19** The following matters shall be submitted to the Board of Directors for consideration after receiving approval from more than half of the Audit Committee members:

- (1) Disclosure of financial information and the internal control evaluation report within the financial and periodic reports;
- (2) The appointment or dismissal of the accounting firm responsible for auditing the Company;
- (3) The appointment or dismissal of the Company's head of finance;
- (4) Changes in accounting policies or estimates, or the rectification of significant accounting errors, excluding those resulting from changes in accounting standards;
- (5) Any other matters as required by laws, regulations, relevant rules of securities regulatory authorities and stock exchanges where the Company's shares are listed, and the Articles of Association of Chifeng Jilong Gold Mining Co., Ltd.

## **CHAPTER 5 RULES OF PROCEDURE**

**Article 20** The Audit Committee shall meet at least once each quarter. Extraordinary meetings may be convened if requested by two or more members, or if the chairman of the Audit Committee deems it necessary.

**Article 21** Notices of the Audit Committee meetings and relevant documents shall be sent to all members and other invited attendees at least three days before the meeting. In urgent situations, meetings may be convened on short notice, provided that the reason is explained during the meeting. The chairman shall preside over the meeting, and if the chairman is unable to attend, an independent director member may be appointed to preside over the meeting.

**Article 22** A meeting of the Audit Committee shall only be valid if no less than two-thirds of the members are present. Each member has one vote, and resolutions must be approved by a majority of the Committee members.

**Article 23** Meetings of the Audit Committee shall generally be held on-site. Unless otherwise specified in the Articles of Association of Chifeng Jilong Gold Mining Co., Ltd. or these Terms of Reference, an extraordinary meeting may be convened via correspondence, provided that members are able to fully express their views. Voting at on-site meetings may be conducted by show of hands or by poll. When voting by correspondence or show of hands, members of the Audit Committee shall be deemed to have attended the meeting and agreed to its content by signing the resolutions.

**Article 24** Members of the Audit Department may attend meetings of the Audit Committee. When necessary, the Company's Directors, supervisors and other senior management may be invited to attend.

**Article 25** If necessary, the Audit Committee may engage an external consultant to provide professional opinions for its decision-making, at the Company's expense.

**Article 26** The procedures for convening meetings, voting methods and the resolutions passed must comply with relevant laws, regulations, the securities regulatory rules of the jurisdiction where the Company's shares are listed, the Articles of Association of Chifeng Jilong Gold Mining Co., Ltd. and the provisions set forth in these Terms of Reference.

**Article 27** The meetings of the Audit Committee shall be coordinated by the Secretary to the Board of Directors. Minutes of the meetings shall be recorded and signed by the members present, and the Secretary of the Board of Directors shall maintain the minutes.

**Article 28** The resolutions passed and the voting results of the Audit Committee meetings shall be reported in writing to the Board of Directors.

**Article 29** Members present at the meeting, as well as those attending, are obligated to keep the matters discussed at the meeting confidential and are prohibited from disclosing any relevant information without authorization.

**Article 30** When the Company publishes its annual report, it shall also disclose on the website of the stock exchange a summary of the Audit Committee's annual performance, including its duties carried out and the meetings convened.

## **CHAPTER 6 SUPPLEMENTARY PROVISIONS**

**Article 31** The Board of Directors shall have the authority to interpret these Terms of Reference.

**Article 32** Any matters not addressed in these Terms of Reference shall be governed by the relevant laws and regulations of the state, the securities regulatory rules of the jurisdiction where the Company's shares are listed and the Articles of Association of Chifeng Jilong Gold Mining Co., Ltd.

**Article 33** Upon approval by the Board of Directors, these Terms of Reference shall come into effect on the date the Company's H Shares are filed with the China Securities Regulatory Commission and listed on the Main Board of The Stock Exchange of Hong Kong Limited. Any amendments shall be subject to approval by the Board of Directors.