

**Terms of Reference for the Audit Committee of  
the Board of Directors of Fuyao Glass Industry Group Co., Ltd.  
(First Amendments in 2024)**

**Chapter 1 General Provisions**

**Article 1** In order to establish and improve the internal controlling system of Fuyao Glass Industry Group Co., Ltd. (hereinafter referred to as the “Company”), increase internal controlling ability, perfect internal controlling program and promote the effective supervision of the Board on the managers, the Audit Committee of the Board of Directors (hereinafter referred to as the “Audit Committee”) has been established, as a specialized agency of the implementation of internal audit and supervision.

**Article 2** In order to ensure the standardized and efficient operation of the Audit Committee, the Company's board of directors has formulated the terms of reference in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Measures for Administration of Independent Directors of Listed Companies published by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 – Standardised Operation issued by the Shanghai Stock Exchange (hereinafter referred to as the “SSE”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”, together with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the “Listing Rules”) published by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Stock Exchange”) and other laws, regulations, rules and regulatory documents, as well as relevant provisions of the Articles of Association of Fuyao Glass Industry Group Co., Ltd. (hereinafter referred to as the “Articles of Association”).

**Article 3** Resolutions made by the Audit Committee shall comply with the provisions of relevant laws, regulations, regulatory documents, the Articles of Association, Hong Kong Listing Rules and the terms of reference. If any resolution considered and approved by the Audit Committee is in violation of the provisions of

relevant laws, regulations, the Articles of Association, Hong Kong Listing Rules and the terms of reference, the resolution shall be valid.

If the decision-making procedure of the Audit Committee is in violation of the provisions of relevant laws, regulations, the Articles of Association, Hong Kong Listing Rules or the Terms of reference, relevant interested parties may require the board of directors to revoke the resolution within 60 days after the date of the resolution.

## **Chapter 2 Composition**

**Article 4** The Audit Committee shall be composed of three non-executive directors (referring to directors who do not hold positions as senior management members in the Company), more than half of whom shall be independent directors and at least one of the independent directors is an accounting professional. The members of the Audit Committee shall be elected by the board of directors.

The members of the Audit Committee shall be diligent and responsible in supervising and evaluating the internal and external audit work of the Company in an effective manner, so as to promote the establishment of effective internal controls and the provision of true, accurate and complete financial reports by the Company.

Members of the Audit Committee shall possess professional knowledge on and experience in performing the duties in the Audit Committee.

**Article 5** The Audit Committee shall have one chairman, who shall be an accounting professional out of the independent directors. The chairman of the Audit Committee shall be elected from the members and approved by the board of directors.

The chairman of the Audit Committee shall be responsible for convening and presiding over meetings of the Audit Committee. If the chairman of the Audit Committee fails or is unable to perform his duties, another committee member shall be designated by him to act on his behalf. If the chairman of the Audit Committee neither performs his duties nor designates another member to act on his behalf, any member may report to the board of directors, by whom a member of the Audit Committee may be designated to fulfill the duties of the chairman.

**Article 6** A member of the Audit Committee shall meet the following requirements:

- (1) not being prohibited to act as a Director, Supervisor or senior management of

the Company under applicable laws, regulations and listing rules of the places where the Company's shares are listed or the Articles of Association;

(2) not having been subject to any public censure from or not having been declared as an inappropriate candidate by the stock exchanges where the Company's shares are listed during the past three years;

(3) not having been subject to any administrative penalties from CSRC as a result of any material breach of laws and regulations during the past three years;

(4) with good ethics and behavior and having expertise or working experience regarding finance, accounting, audit and economic management, and other relevant fields;

(5) A former partner of the auditing firm acting as the existing external auditor of the Company shall be prohibited from acting as a member of the Audit Committee for a period of two year from the date of his or her ceasing :

a. to be a partner of the firm; or

b. to have any financial interest in the firm, whichever is later.

(6) satisfying other conditions as stipulated by applicable laws and regulations, the Listing Rules of the place where the Company's shares are listed or the Articles of Association;

**Article 7** The one who does not conform to the qualifications prescribed in the preceding article shall not be elected as a member of the Audit Committee. The Board of the Company shall conduct regular evaluation on the independence and performance of duties of the Audit Committee, and a member of the Audit Committee who does not conform to the qualifications prescribed in the preceding article during his term shall resign or be replaced by the Board of Directors.

**Article 8** The term of office for a member of the Audit Committee shall be concurrent with the term of his directorship. Prior to the expiry of the term of office of a member of the Audit Committee, the Company may remove him/her from his/her office through statutory procedures. In the event of early dismissal, the Company shall disclose the specific reasons and basis for such dismissal in a timely manner. The Company shall disclose in a timely manner any dissenting views of the members of the Audit Committee.

If a member of the Audit Committee ceases to be a director of the Company during his/her term of office, he/she shall automatically lose his/her qualification as a member of the Audit Committee, and the Board of Directors shall make up the

number of members of the Audit Committee in accordance with the provisions.

In the event that a member of the Audit Committee who is an independent director resigns as an independent director or a member of the Audit Committee, which will result in the proportion of independent directors in the Audit Committee not complying with the provisions of the Measures for Administration of Independent Directors of Listed Companies or the Articles of Association or will result in the absence of accounting professionals (independent directors) in the Audit Committee, such independent director who intends to resign shall continue to perform his/her duties until a new independent director or new member of the Audit Committee is appointed.

**Article 9** Where the number of members of the Audit Committee is less than two-thirds of the required number of members of the Audit Committee due to the resignation or removal of members or other reasons, the board of directors of the Company shall elect new members in accordance with the provisions of applicable laws, regulations and listing rules of the place where the Company's shares are listed in a timely manner. The Audit Committee shall suspend any exercise of duties and powers stipulated by the Terms of reference before the number of members of the Audit Committee reaches two-thirds of the required number of members of the Audit Committee.

**Article 10** The requirements of the applicable laws, regulations, listing rules of the places where the Company's shares are listed and the Articles of Association on obligations of directors are applicable to members of the Audit Committee.

### **Chapter 3 Terms of Reference**

**Article 11** The Audit Committee is a special organ established by the board of directors which shall report to and hold responsibility for the Board. The Audit Committee is responsible for auditing the financial information of the Company and its disclosure, supervising and evaluating the internal and external audits and internal control, and the main terms of reference of the Audit Committee are as follows:

- (1) To develop deliberations and make recommendations to the Board of Directors on the engagement or dismissal of the accounting firm undertaking the audit of the Company;
- (2) To review and monitor the external auditor's independence and objectivity

and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(3) To develop and implement policy on engaging an external auditor to provide non-audit services. For the purpose of this provision, “external auditor” 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 a domestic or international part of the audit firm. The Audit Committee shall report to the Board of Directors, identifying and making recommendations on any matters where action or improvement is needed;

(4) To monitor integrity of the financial statements, annual report and accounts, half-year report and quarterly reports of the Company and to review significant financial reporting issues contained therein. The Audit Committee shall focus particularly on the following matters when reviewing the reports before submission to the Board of Directors:

- (i) Any changes in accounting policies and practices;
- (ii) Major judgmental areas;
- (iii) Significant adjustments resulting from audit;
- (iv) The going concern assumptions and any qualified opinions
- (v) Compliance with accounting standards or not; and
- (vi) Compliance with the rules and legal requirements in relation to financial reporting of the listing rules of the place where the shares of the Company are listed or not;.

(5) Regarding item (4) above:

(i) The Audit Committee members shall liaise with the Board of Directors and the senior management. The Audit Committee must meet at least twice a year with the external auditor of the Company; and

(ii) The Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts, and it shall give due consideration to any matters that have been raised by the Company’s staff responsible for the accounting and financial reporting function, compliance officer or the auditors.

(6) To review the Company’s financial controls, risk management and internal Control systems; to issue the annual internal control evaluation report for the Company;

(7) To discuss with the management about risk management and internal Control systems and ensure that the management has discharged its duty to have an effective system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget;

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

(9) To ensure that the internal and external audit bodies are coordinated properly and the internal audit functions is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

(10) To review the financial and accounting policies and practices of the Company;

(11) To check the Review Letter or similar documents provided by the external auditor to the management, any material queries raised by the auditor to the management about accounting records, financial accounts or systems of control and the management's response therefor;

(12) To ensure that the Board will provide a timely response to the issues raised in the external auditor's Review Letter or similar documents to the management;

(13) To report to the Board on matters relating to the provision on "Corporate Governance Code" (the "Hong Kong Listing Rules" Appendix 14);

(14) To review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;

(15) To act as the key representative body for overseeing the Company's relations with the external auditor;

(16) To formulate a whistle-blowing policy and system, so that employees of the Company and other related parties of the Company including customers and suppliers may voice their concern about any possible misconduct related to the Company in private;

(17) To review ongoing connected transactions of the Company (as defined in

the "Hong Kong Listing Rules") and ensure compliance with terms of approval of Articles of Association;

(18) Timely review of the work rules and the effectiveness of Audit Committee, and to put forward any necessary changes to the Board of Directors;

(19) To report to the Board on the matters set out in these Terms of Reference and where the monitoring activities of the Audit Committee reveal cause for concern or scope for improvement, the Audit Committee shall make recommendations to the Board to address the issue or to make improvements;

(20) To develop deliberations and make recommendations to the Board of Directors on the appointment or dismissal of the person in charge of financial affairs (i.e. the Chief Financial Officer) of the Company;

(21) To give opinions on changes in accounting policies and estimates or correction of material accounting errors for reasons other than changes in accounting standards; and

(22) Other affairs as authorized by the Board of Directors of Company and other issues involved in related laws ,regulations and Listing Rules.

**Article 12** After considering the matters set out in the previous article hereof, the Audit Committee shall form meeting resolutions and report, along with relevant proposals, to the Board for approval. The following matters shall be submitted to the Board of Directors for consideration only after they have been approved by a majority of all members of the Audit Committee:

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

(2) appointment or dismissal of the accounting firm that undertakes the audit of the Company;

(3) appointment or dismissal of the person in charge of the financial affairs (i.e. the Chief Financial Officer) of the Company;

(4) to make changes in accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;

(5) other matters as required under the laws, regulations, listing rules applicable to the place where the shares of the Company are listed and the Articles of Association of the Company.

**Article 13** The Audit Department of the Company is the internal audit department. The Audit Department is accountable to the Audit Committee and reports

to the Audit Committee. The Audit Department is responsible for the day-to-day liaison, and shall be responsible for the preliminary preparatory works in relation to the decision-making of the Audit Committee, collecting and providing the information relevant to the Company, including:

- (1) Company's financial statements, audit reports, books, vouchers and other financial and accounting information;
- (2) the working reports of the internal and external audit organizations;
- (3) external audit contracts and related working reports;
- (4) the Company's conditions of information disclosure to the public;
- (5) audit reports of material connected transaction of the Company;
- (6) other related information.

**Article 14** When the Audit Committee exercise its terms of reference, it shall comply with relevant requirements of the Company Law, applicable listing rules of the places where the Company's shares are listed, the Articles of Association and the Terms of reference, and shall not damage the lawful interests of the Company and its shareholders.

The Audit Committee shall review the financial accounting reports of the Company and express opinions on the truthfulness, accuracy and completeness of the financial accounting reports, focus on significant accounting and auditing issues stated in the financial accounting reports of the Company, particularly the possibility of fraud, malpractice and material misstatement in relation to the financial accounting reports, and oversee the rectification of problems stated in the financial accounting reports.

**Article 15** The board of directors of the Company shall fully respect the recommendations from the Audit Committee on engaging or replacing the candidates for the audit firm, and shall not shelve or take no votes on the recommendations from the Audit Committee without sufficient grounds or reliable evidences.

The Audit Committee shall make recommendations to the Board of Directors on the appointment or replacement of the external auditor, and shall review the audit fees and terms of engagement of the external auditor, without being unduly influenced by the substantial shareholders, the de facto controllers, or directors, supervisors and senior management.

The Audit Committee shall urge the external auditor to be honest, trustworthy and diligent, to strictly comply with the business rules and industry self-regulation standard, to strictly implement the internal control system, to verify and validate the



financial accounting reports of the Company, to fulfil its obligation to pay special attention to the Company, and to express its professional opinions in a prudent manner.

**Article 16** The Company shall provide the Audit Committee with the necessary working conditions and equip specialised personnel or organisations to undertake the day-to-day work of the Audit Committee, such as liaison, organisation of meetings, preparation of materials and file management. When the Audit Committee performs its duties, the management and relevant departments of the Company shall cooperate with the Audit Committee at the Company's expense.

The Audit Committee may engage an intermediary organisation to provide professional advice as it deems necessary, and the relevant costs shall be borne by the Company.

The Audit Department of the Company is accountable to the Audit Committee and reports to the Audit Committee on its work. The Audit Committee shall supervise and evaluate the internal audit work and shall perform the following duties:

(1) to direct and supervise the establishment and implementation of the internal audit system;

(2) to review the annual internal audit work plan of the Company;

(3) to supervise the implementation of the internal audit plan of the Company;

(4) to direct the effective operation of the Audit Department. The Audit Department of the Company shall report to the Audit Committee on its work, and various audit reports submitted by the Audit Department to the management, plans for rectification of audit issues and the status of rectification shall also be reported to the Audit Committee;

(5) to report to the Board of Directors on the progress and quality of the internal audit work, as well as any major issues identified;

(6) to co-ordinate the relationship between the internal audit department and the external audit units such as accounting firms and national audit institutions.

The Company shall, at the same time as publishing the annual report, disclose on the websites of the SSE and the Stock Exchange the annual performance of duties by the Audit Committee, which shall mainly include the fulfilment of its duties and the convening of meetings of the Audit Committee. If the Audit Committee proposes to the Board of Directors of the Company a deliberation on a matter within its terms of reference and the Board of Directors does not adopt it, the Company shall disclose the

matter with full explanation of the reasons therefor.

#### **Chapter 4 Convening and Notices of Meeting**

**Article 17** Meetings of the Audit Committee fall into two categories: regular meetings and extraordinary meetings. Meetings shall be convened and presided over by the chairman of the Audit Committee. If the chairman is unable to perform his or her duty, he or she shall appoint another member, who shall be an independent director, to perform the duties on his or her behalf.

The Audit Committee meets at least once a quarter. An extraordinary meeting may be convened upon the proposal of two or more members of the Audit Committee, or as the chairman of the Audit Committee deems it necessary.

**Article 18** The regular meeting of Audit Committee is mainly to audit the financial situation and financial revenue and expenditure activity of last quarter, semi-annual and financial year.

The Audit Committee may also review at its regular meetings any matters within its terms of reference and that are set out in notices of meetings.

**Article 19** In principle, meetings of the Audit Committee shall be held in the form of physical meeting. Under the premise of ensuring that all participating members can fully communicate and express their opinions, meetings may be convened by video, telephone or other means in accordance with the procedures when necessary. In case of a meeting by telecommunication means, members signing on the resolutions of meetings shall be considered to be present at such meetings and agree with such resolutions.

**Article 20** To hold a meeting of the Audit Committee, all members of the Audit Committee shall be notified of the convening of such meeting three days prior to the meeting in principle. The aforesaid notice period requirement may be waived with the unanimous consent of all members of the Audit Committee.

In the case of an urgency where it is necessary to convene a meeting of the Audit Committee as soon as practicable, the chairman of the Audit Committee may at any time give notice of the meeting by telephone or other verbal means (not subject to the above period requirement of giving at least 3 days' notice in advance), provided that the convenor shall give an explanation at the meeting.

**Article 21** The secretary of the board of directors of the Company is responsible

for delivering notices of the Audit Committee meetings subject to the deadline stated in the previous article once a meeting is decided to be convened by the chairman of the Audit Committee.

**Article 22** Notices of the Audit Committee meetings shall include at least the following information:

- (1) time and venue of the meeting;
- (2) duration of the meeting;
- (3) topics to be discussed at the meeting;
- (4) contact person and contact details;
- (5) date of notice of the meeting.

**Article 23** To hold a meeting of the Audit Committee, the Company shall, in principle, provide relevant information to all members of the Audit Committee no later than 3 days prior to the convening of the Audit Committee meeting. The aforesaid deadline requirement may be waived with the unanimous consent of all members.

**Article 24** When the notice is delivered by e-mail, telephone or other methods, parties being notified shall be deemed to have received the notice of the meeting if no written objection is received from them within 2 days from the date of delivery of the notice.

## **Chapter 5 Consideration and Voting Procedures**

**Article 25** The Audit Committee meetings shall be held by at least two-thirds of the members present at the meeting.

Directors of the Company may attend the Audit Committee meetings, but those who are not members of the Audit Committee do not have voting rights on resolutions proposed at the meeting.

**Article 26** Members of the Audit Committee may attend the meetings in person or by appointing other members as their proxies and exercise the voting right on their behalves. Each member of the Audit Committee shall appoint only one other member as his proxy to exercise the voting right on his behalf. Where any member appoints two or more members to exercise the voting right on his behalf, such appointment shall be deemed invalid.

An independent director who is a member of the Audit Committee shall attend the meetings of the Audit Committee in person. If he/she is unable to attend the

meeting in person for any reason, he/she shall review the meeting materials in advance, form a clear opinion and appoint in writing another member of the Audit Committee who is an independent director to attend the meeting on his/her behalf. In performing their duties, members of the Audit Committee who are independent directors may, in accordance with the procedures, submit to the Audit Committee for discussion and deliberation in a timely manner any significant matters of the Company within the scope of the terms of reference of the Audit Committee.

**Article 27** Any member of the Audit Committee who appoints another member to attend the meeting and exercise voting right on his behalf shall submit a power of attorney to the presider of the meeting. The power of attorney shall be submitted to the presider of the meeting no later than the voting of the meeting.

**Article 28** The power of attorney shall be signed by both of the appointer and proxy, and shall at least include the following information:

- (1) name of the appointer;
- (2) name of the proxy;
- (3) matters entrusted;
- (4) instructions as to how to exercise the voting rights on topics of the meeting (for, against or abstain) and, in the absence of specific instructions, descriptions on if the proxy may vote at his discretion;
- (5) expiry date of the power of attorney;
- (6) date of signing of the power of attorney.

**Article 29** A member of the Audit Committee who does not attend a meeting in person nor appoint another member to attend on his/her behalf shall be considered to give up the voting right at the meeting.

Should a member fails to attend the meetings of the Audit Committee in person twice in a row nor appoint another member to attend on his/her behalf, he/she shall be deemed to be unable to carry out his duties and the Board may revoke his membership.

**Article 30** Resolutions made by the Audit Committee shall not be valid unless passed by more than half of all members voting thereon. Each member shall be entitled to one vote when voting at the Audit Committee meeting.

**Article 31** Proposals on each of the topics shall be considered after the presider of the Audit Committee announces the opening of the meeting

**Article 32** The Audit Committee members may have a free discussion on topics considered at the meetings, but order shall be preserved. No speaker shall use any

offensive or other threatening or insulting language. The presider of the meeting has the right to decide the time for discussion.

**Article 33** Items proposed at the Audit Committee meeting are subject to collective consideration and voting on a case by case basis, i.e. all the proposals are considered by all members present and then are put to the vote one by one according to the order of consideration.

**Article 34** The Audit Committee may, if considered necessary, convene or invite other persons in connection with the proposals including but not limited to representatives of external audit institution, supervisors of listed company, internal auditors, financial officers and legal counsels to attend the meeting to provide detailed information or express their opinions. Those who are not members of the Audit Committee, however, do not have voting rights on the proposals.

**Article 35** Members present at the meeting shall consider the proposals and give full expression of their personal opinions with a conscientious and responsible attitude; members shall be responsible for their own votes.

**Article 36** The Audit Committee meeting may carry out voting by open ballot or a show of hands, but where any member requires the voting to be held by ballot, it shall be held by ballot.

The voting intent of a member may be pro, con or abstention. Every attending member shall choose one out of the aforesaid intents. Where any member does not make any option or makes two or more options, the presider shall require the said member to make an option again, otherwise the said member shall be deemed as having abstained from voting; any members who has left the meeting midway without coming back and has not made any option shall be deemed as having abstained from voting.

**Article 37** For voting by open ballot, after voting of the attending members, the clerk shall responsively collect and count ballots cast by the members. Where the meeting is held onsite, the chairman shall announce the statistic result onsite; in other circumstances, the presider shall require the secretary of the board of directors to notify the members of the voting result before the next workday after the prescribed voting deadline.

The ballots cast by the members after the presider announces the voting result or after the prescribed voting deadline shall not be counted.

**Article 38** Each proposal on which a prescribed number of valid votes are cast becomes a resolution of the Audit Committee upon announcement by the presider of the meeting. Resolutions of the Audit Committee come into effect upon signature by members present at the meeting.

No change or alteration shall be made to the resolutions of Audit Committee that have become effective without going through the legitimate procedure as required by applicable laws, regulations, listing rules of places where the Company's shares are listed, the Articles of Association and the Terms of reference.

**Article 39** A member of the Audit Committee or secretary of the board of directors of the Company shall report details of the resolutions in writing to the board of directors of the Company no later than the date immediately after such resolutions come into effect.

**Article 40** Members of the Audit Committee who participate in the voting on a resolution shall be jointly liable for compensation to the Company should such resolution is in violation of applicable laws, regulations, listing rules of places where the Company's shares are listed or the Articles of Association. However, if a member is proven to have cast their votes against such resolution and stated specific reasons therefor and it was so recorded in the meeting minutes, he may be exempted from the liabilities.

**Article 41** In the process of implementing resolutions passed at the Audit Committee meetings, the chairman of the Audit Committee or another member designated by him shall conduct follow-up inspection on the implementation of the resolutions, and may request and urge the persons concerned to remedy the identified breach of resolutions. Should the persons concerned fail to follow such instructions, the chairman of the Audit Committee or the member designated by him shall report to the board of directors for handling.

**Article 42** The Audit Committee shall maintain written meeting minutes on which members present and the minutes taker shall sign their names. Members present shall have the right to request explanatory remarks on his speech at the meeting to be written down in the minutes.

**Article 43** Minutes of the Audit Committee meetings shall include at least the following information:

- (1) date and venue of the meeting and name of the convener;

- (2) names of attendees, with special notes added for proxies;
- (3) agenda of the meeting;
- (4) highlights of members' speeches;
- (5) way of voting on each item or proposal and voting results (numbers of votes for and against and the number of votes to abstain shall be set out);
- (6) other matters that shall be explained or stated in meeting minutes.

Drafts and final versions of minutes of meetings shall be sent to all members of the Audit Committee for their comments and records respectively, within a reasonable time after the meetings.

**Article 44** Archives of Audit Committee meetings, including notices of meetings, meeting materials, meeting attendance books, power of attorney for proxy members, votes, meeting minutes signed by the attending members and resolutions adopted at the meetings etc., shall be kept by the secretary of the board of directors. Archives of Audit Committee meetings shall be kept for 10 years.

**Article 45** Before announcement of the resolutions by the Company in accordance with the legal procedure, the attending members, other attendants, and the recording and service personnel shall fulfill confidentiality obligation to the contents of resolutions and shall not disclose relevant information without authorization.

## **Chapter 7 Rules of Abstention**

**Article 46** Where a member of the Audit Committee or his close relatives and other entity controlled by the member of the Audit Committee and his close relatives and the other affiliated/connected person of the member of committee has direct or indirect interest in the agenda discussed at the meeting, such member shall disclose the nature and extent of such interest to the committee as soon as possible.

The term "close relatives" as referred to in the previous clause shall include spouse, parents, children aged 18 or above and their spouses, brothers and sisters and their spouses, spouse' parents, spouse's brothers and sisters and children's spouses' parents.

The definition of the term "connected person" is the same with Hong Kong Listing Rules.

**Article 47** Upon the occurrence of the above situation, the interested member shall provide a detailed explanation of the situation at the meeting of Audit Committee and shall specify that he/she will abstain from voting. However, if the other members of

the Audit Committee unanimously agree that such interest will not have material impact on the matters to be voted, the interested member may vote.

In the event that the interested member has voted and the Board of Directors of the Company considers it inappropriate, the Board may revoke the voting results, and require the other members of the Committee to vote again on the relevant proposals.

**Article 48** The Audit Committee shall review the proposals and come to a resolution without counting the interested member in the quorum. In the event that there is no quorum after not including the interested member in the quorum, all members (including the interested member) shall resolve on procedural issues to have the proposals determined by the Board of Directors of the Company and the proposals will then be submitted to the Board of Directors of the Company for consideration.

**Article 49** The minutes and resolutions of Audit Committee meeting shall specify the abstention of the interested member.

## **Chapter 8 Performance Evaluation**

**Article 50** The Audit Committee has the authority to conduct internal audit on the financial activities and profit and loss status of the Company of the last accounting year or any previous year. Relevant departments shall actively cooperate with the Audit Committee and provide the required information to the Audit Committee in a timely manner.

**Article 51** The members of Audit Committee are entitled to access the following relevant information:

- (1) regular reports and extraordinary reports of the Company;
- (2) financial and accounting information of the Company, such as audit reports, financial statements, book of accounts, certificates etc.
- (3) various management systems of the Company;
- (4) resolutions and minutes of the general meetings, board meetings, meetings of supervisory committee and meetings of the office of the general manager;
- (5) information disclosure documents announced by the Company;
- (6) various material contracts and agreements entered into by the Company;
- (7) other relevant information deemed to be necessary by the Audit Committee.

**Article 52** Members of the Audit Committee could raise any questions or inquiries in respect to any issue to any director and senior management of the Company,



whereupon the director and senior management shall answer or explain the questions or inquiries timely.

**Article 53** Members of the Audit Committee shall express their internal audit opinions to the financial activities as well as the conditions of income and expense of the Company of the last accounting year and the current year in accordance with their understanding of the information of the conditions.

**Article 54** Members of Audit Committee shall be obliged to keep the corporate information acquired confidential prior to the disclosure of such information according to the legal procedures by the Company and shall not disclose relevant information without authorization.

### **Chapter 9 Supplementary Provisions**

**Article 55** In the terms of reference, “no less than”, “no more than” includes the number itself, while “more than”, “less than” does not include the number itself.

**Article 56** Any matter not covered in the Terms of reference shall be subject to relevant national laws, regulations, rules, regulatory documents and the provisions of the securities regulatory authorities in the place where the Company's shares are listed, the stock exchange on which the Company's shares are listed and the Articles of Association.

**Article 57** The Board of Directors of the Company shall be responsible for the interpretation of the terms of reference. The interpretation text of the terms of reference shall have the same effect as the terms of reference after being reviewed and approved by the Board of Directors of the Company.

**Article 58** The terms of reference shall come into effect on the date of consideration and approval by the Board of Directors of the Company, and the same shall apply to any amendments thereto. Once the terms of reference become effective, the original Terms of Reference for the Audit Committee of the Board of Directors (Applicable after the Listing of H Shares) shall automatically lapse.