

These terms of reference are prepared in Chinese. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.



安徽海螺水泥股份有限公司
ANHUI CONCH CEMENT COMPANY LIMITED

Terms of Reference of the Audit Committee

(Approved and became effective by the Board at the sixth meeting of the third session of the Board held on 12 October 2005)

(Amended and approved by the Board on 31 December 2015)

(Amended and approved by the Board at the seventh meeting of the seventh session of the Board held on 21 March 2019)

(Amended and approved by the Board at the ninth meeting of the ninth session of the Board held on 19 March 2024)

Chapter I General

Article 1 The board (“Board”) of directors (“Directors”) of Anhui Conch Cement Company Limited (“Company”) has established an audit committee (“Committee”) of the Board in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Exchange Listing Rules”) and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (“SSE Listing Rules”), in order to monitor and supervise the independence and work efficiency of external auditor, efficiency of the finance reporting procedures and internal control systems of the Company, and assist the Board in carrying out its work to enable the Board to better perform their duties and enhance meeting efficiency.

Article 2 The Committee is a non-permanent body of the Board and is accountable to the Board.

Article 3 These terms of reference clearly explain and define the scope of powers and duties of the Committee, which is an important guide and basis for the Committee to carry out its work, and became effective upon the approval of the Board.

Article 4 The Committee shall, based on these terms of reference, exercise the powers granted by the Board and perform its duties, report and make recommendations to the Board, and assist the Board in completing relevant work, in

order to enhance the efficiency, reporting level, transparency and objectivity of the Board.

Chapter II Members of the Committee

Article 5 The Committee shall comprise three or more members, all of whom shall be non-executive Directors and more than half of whom shall be independent non-executive Directors. The Committee shall have one chairman who must be an independent non-executive Director with professional accounting expertise and shall also act as the convenor.

Article 6 Members of the Committee shall not have any material connected relationship with the Company.

Article 7 A former partner of the external independent auditor firm which are currently responsible for auditing the Company's accounts shall be prohibited from acting as a member of the Committee before the lapse of two years from the date of him ceasing to be a partner of the external independent auditor firm, or from the date of him ceasing to have any financial interests in the external independent auditor firm (whichever is later).

Article 8 The chairman and members of the Committee shall be appointed by the Board, and their appointment letters shall be issued by the Board. Members who are appointed shall file a written notice of acceptance of appointment with the Board within seven days from the date of appointment.

Article 9 The term of office of the Committee shall be consistent with that of the Board. The Committee members may stand for re-election upon expiry of their term. During their term of office, if any member of the Committee ceases to be a Director of the Company, he will automatically lose his qualification as a member of the Committee, and the Board shall fill such vacancy in accordance with the relevant procedures.

Article 10 Any member of the Committee who resigns during his term of office shall tender a written resignation letter to the Board three months in advance, and the resignation letter shall state in detail the reason for resignation. The resignation shall only become effective upon the approval by more than half of the members of the Board. The Board will fill the vacancy pursuant to the relevant procedures.

Article 11 Any change of member(s) of the Committee leading to change of Director(s) shall be put forward for approval by shareholders in a general meeting, and shall comply with the relevant procedure in respect of information disclosure.

Article 12 The Committee shall appoint a secretary to assist the coordination of

work and communication between the Committee, the Board and other committees and finance department of the Company and other relevant departments, and to gather the information required for the Committee in exercising its duties.

Chapter III Powers

Article 13 The Committee is authorised by the Board to exercise its duties and powers within the scope of these terms of reference. The Committee shall be accountable to the Board and shall not enjoy exclusive rights and privileges. The Committee has no authority to replace the Board in exercising decision-making and management functions.

Article 14 The Committee shall have the power to review various business activity(ies) of the Company, its subsidiaries and associates. The Company shall provide the Committee with necessary work conditions, assign designated personnel or organization(s) to undertake the Committee's daily work, such as work liaison, meeting organization, material preparation and file management. The Committee shall be provided with sufficient resources to perform its duties.

Article 15 The Committee shall have the power to request the unit(s) or department(s) under review to submit relevant plans, budgets, final accounts, accounting statements, accounting vouchers, accounting software, contracts and any other relevant documents. The relevant unit(s) and department(s) shall submit such documents on time and shall not refuse to submit, conceal, transfer such documents or provide false information.

Article 16 The Committee shall have the power to make enquiries with the unit(s) or department(s) under review, and to request support materials. The relevant unit(s) and department(s) shall fully assist, cooperate and provide information and materials truthfully.

Article 17 The Committee, when conducting investigations, shall have the power to appoint external legal advisers or other independent professionals, or invite external parties who possess relevant experience and professional knowledge.

Article 18 Where the Committee, in performing its duties, considers it necessary to widen the scope of review on the Company's affairs, may conduct such review upon the grant of special authorisation by the Board.

Chapter IV Duties

Article 19 The Committee is responsible for reviewing the Company's financial information and its disclosure, monitoring and evaluating internal and external auditing works and internal control. The Committee shall review, update or accept

amendments to the terms of reference on a regular basis in accordance with the Company's development situation and changes. Such amendments shall be approved by the Board.

Article 20 The Committee shall review and monitor the integrity of the Company's financial accounting reports (including financial statements, annual reports and accounts, interim reports and quarterly reports of the Company), express its opinion on the authenticity, accuracy and completeness of financial and accounting reports, review significant financial reporting judgements contained in the aforementioned statements and reports, focus on any significant or unusual items of the Company's financial accounting reports in respect of material accounting and auditing issues, paying particular attention to the possibility of fraud, corruption and material misstatement relating to financial and accounting reports, supervise the rectification of issues on financial and accounting reports. In reviewing these statements and reports before submission to the Board, the Committee should focus particularly on the following matters:

1. the appropriateness of the accounting policies adopted by the Company, and their compliance with the corporate governance code of Hong Kong and relevant legislations in force, and compliance with accounting standards;

2. any changes in the accounting policies and practices, and the extent of compliance with accounting standards;

3. major judgemental areas;

4. whether all relevant items have been adequately disclosed in the financial statements, and whether the information disclosed can enable the users of the accounts to have a fair understanding of the nature of the transactions reported;

5. significant audit adjustments and disputed unadjusted audit differences;

6. the going concerns assumptions and any qualifications;

7. compliance with Exchange Listing Rules and legal requirements in relation to financial reporting.

Article 21 Should there be false record, misleading statement or material omission in the Company's financial and accounting reports, the Committee shall urge the Company's relevant department(s) to formulate rectification measures and rectification timetable, and to conduct follow-up reviews, monitor the implementation of rectification measures and disclose the completion of rectification in a timely manner.

Article 22 The Committee shall supervise and assess internal audit works, and shall perform the following duties:

1. guide and supervise the establishment and implementation of internal audit system;

2. review the Company's annual internal audit work plan;

3. urge the implementation of the Company's internal audit plan;

4. guide the effective operation of internal audit department. The Company's internal audit department shall report to the Committee on its works. The various audit reports, rectification plan and progress of rectification of audit issues submitted to the Company's management by internal audit department shall also be submitted to the Committee;

5. report to the Board on progress, quality of and major issues identified in internal audit works;

6. coordinate the relationships between internal audit department and external audit units such as accounting firms and state auditing organisations.

Article 23 Based on the internal audit report and related information submitted by the internal audit department, the Committee shall issue a written assessment opinion of the effectiveness of the Company's internal controls and report to the Board.

Article 24 For appointment, reappointment, replacement or removal of the external auditor of the Company, the Committee shall form its opinion and make recommendations to the Board before the Board considers the relevant resolution.

The Committee shall make recommendations to the Board on the appointment or replacement of the external auditor and review the audit fees and engagement terms of the external auditor without undue influence from the substantial shareholders, de facto controllers or Directors, supervisors and senior management.

The Committee shall supervise the external auditor to be honest and credible, diligent and responsible, strictly compliant with business rules and industry self-discipline rules, and to strictly implement the internal control system, to review and verify the financial accounting reports of the Company, to perform obligations of special attention, and to prudently give professional opinion.

The Committee shall act as the key representative body of the Company with the external auditor and shall oversee the relationship between the Company and the external auditor.

Article 25 The Committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and shall discuss with the auditor the nature and scope of the audit and the reporting obligations before audit commences annually.

Article 26 The Committee shall develop and implement the policy for external auditor to supply non-audit services. The Committee shall report and make recommendations to the Board on any matters where it considers action or improvement is needed.

Article 27 The Committee shall liaise with the Board, senior management and the qualified accountant(s) appointed by the Company regarding the duties set out in Article 20 above. In addition, the Committee must have meetings, at least twice a year, with the Company's auditor.

Article 28 Regarding its duties set out in Article 20 above, the Committee shall consider any significant or unusual items that are, or may need to be, reflected in the regular reports and accounts, and it should give due consideration to any matters that are raised by the Company's qualified accountant(s), audit department, other staff responsible for the accounting and financial reporting function, compliance officer or auditors.

Article 29 The Committee shall make inquiries with the management about the risks associated with the business operations and assess the measures taken by the management.

Article 30 The Committee shall review the Company's and its subsidiaries' financial and accounting policies and practices.

Article 31 The Committee shall study, discuss and review the Company's financial control, internal control and risk management systems.

Article 32 The Committee shall discuss the risk management and internal control systems with management to ensure that management has performed its duty to establish an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

Article 33 The Committee shall, on its own initiative or as delegated by the Board, consider major investigation findings on risk management and internal control matters and management's response to these findings.

Article 34 In relation to the internal audit function of the Company, the Committee shall ensure co-ordination between the internal and external auditor, and

shall ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

Article 35 The Committee shall review and study the letter(s) given by the external auditor to the management (including but not limited to the external auditor's management letter), and any material queries, matters and recommendations raised by the auditor to management about accounting records, financial accounts or systems of control and management's response. The Committee shall also ensure that the Board will provide a timely response to the issues, material matters and recommendations raised in the abovementioned letter(s) of the external auditor (including but not limited to the external auditor's management letter).

Article 36 The Committee shall study the laws, regulatory rules and related policies that may have significant impact on financial reporting, and shall review the extent of compliance of the Company's relevant projects with relevant regulations.

Article 37 The Committee shall supervise the internal audit department reviews the following matters, prepares a review report and submits it to the Committee at least once bi-annually. The Committee shall timely report to the stock exchanges on which the shares of the Company are listed on any non-compliance of laws and regulations or non-standard operation identified in the review:

1. the implementation of major events such as the use of raised proceeds of the Company, provision of guarantees, connected transactions, securities investment and derivatives transactions, provision of financial assistance, purchase or dispose of assets, external investments, etc.

2. movements of funds of the Company in large amounts and the movements of funds with Directors, supervisors, senior management, controlling shareholder and de facto controller and their respective associates.

Article 38 The following matters shall be submitted to the Board for consideration upon the consent of a majority of all members of the Committee:

1. disclosure of financial information in financial accounting report and periodic reports, and internal control evaluation report;

2. appointment or dismissal of accounting firms that undertake audit services for the Company;

3. appointment or dismissal of the finance person-in-charge of the Company;

4. change of accounting policies, accounting estimates, or correction of significant accounting errors due to reasons other than changes in accounting

standards;

5. other matters stipulated by laws, regulations, the relevant requirements of the stock exchanges on which the shares of the Company are listed, and the articles of association of the Company.

Article 39 The Committee shall review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

Article 40 Other review work as delegated by the Board and to consider other topics as defined by the Board.

Article 41 The Committee shall report to the Board on its works (including but not limited to matters relating to the code provisions on audit committee as set out in Part 2 of Appendix C1 to the Exchange Listing Rules) and make recommendations to the Board as the Committee considers appropriate.

Chapter V Meeting, Work and Reporting Procedures

Article 42 The Committee shall hold at least four meetings every year. The meetings shall be convened and chaired by the chairman of the Committee. Notice shall be given to all the members of the Committee three days before the meeting. Independent auditor may request the Committee to hold a meeting if it considers necessary. The secretary of the Committee shall be responsible for giving notice of meeting and making all specific arrangements for the meetings.

Article 43 The Committee shall hold a meeting within a reasonable period before the publication of the Company's interim and annual results, respectively, to discuss any issues relating to the accounts.

Article 44 The chairman of the Committee shall be responsible for preparing the agenda for the meetings and delegate the relevant executives for the preparation of necessary information. The relevant information for the meeting shall be circulated to the members of the Committee three days before the meeting.

Article 45 The quorum necessary for the convention of a Committee meeting shall be more than two-third of the members of the Committee.

Article 46 The Committee may invite other members of the Board, the head of finance department, independent auditor, professionals, advisory bodies or other relevant persons to attend its meetings according to its needs. The Committee may

request internal meeting with the auditor without the presence of the executive Directors, or internal meeting with the executive Directors without the presence of the auditor, to ensure a free and frank exchange of opinions.

Article 47 The secretary of the Committee shall be responsible for keeping minutes of the meetings. Draft and final versions of minutes of the meetings should be circulated to all Committee members for their comment and records respectively, within a reasonable time after the meeting. Full minutes of the Committee's meetings should be kept by the secretary of the Committee.

Article 48 All issues discussed by the Committee, its decisions and recommendations shall be reported to the Board on a regular basis.

Article 49 The chairman of the Committee shall, at least once a year, submit a report to the Board which addresses the work carried out and the results of the reviews by the Committee during the specified period. The report mainly covers the performance of the duties and convention of Committee meetings for the year, which shall include, but not limited to, the following items:

1. analysis of the remuneration received by the auditor for the provision of audit and non-audit services to the Company, and the details on the nature and fees paid for every major non-audit items;
2. recommendations on matters in relation to the appointment of auditor, including assessment of quality of services, the reasonableness of the remuneration, and issues regarding resignation, replacement and removal;
3. review of quarterly results, interim results and annual results during the reporting period;
4. review of the internal control systems and conclusion on the effectiveness of the Company's internal contract system during the reporting period.

Chapter VI Supplementary Provisions

Article 50 These terms of reference shall become effective upon the approval of the Board of the Company.

Article 51 These terms of reference is subject to interpretation by the Board of the Company.