

Ganfeng Lithium Group Co., Ltd.

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

Chapter 1 General Provisions

Article 1 In order to strengthen the decision-making of the Board, conduct advance audit and professional audit, ensure the effective supervision of the Board on the management and improve the corporate governance structure, the Company has specifically established the Audit Committee of the Board and formulated these Terms of Reference in accordance with the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules"), the Articles of Association of Ganfeng Lithium Group Co., Ltd. (the "Articles of Association") and other relevant provisions.

Article 2 The Audit Committee is a specialized body under the Board, which is mainly responsible for reviewing the effectiveness of internal control of the Company and its implementation, and performing communication, supervision and verification of internal and external audit of the Company.

Chapter 2 Composition

Article 3 The Audit Committee shall consist of three Directors, who must all be non-executive Directors and not hold senior management positions in the Company, of which the number of independent non-executive Directors shall not be less than two. One independent non-executive Director must have appropriate professional qualification or appropriate accounting expertise as required under Rule 3.10(2) of the Hong Kong Listing Rules.

Article 4 Members of the Audit Committee shall be nominated by the Chairman, more than one-half of independent non-executive Directors or one-third of all Directors, and shall be elected by the Board.

The office of members of the Audit Committee shall comply with the requirements of listing rules of the place of listing of shares of the Company.

The former partner of the current external audit firm of the Company shall not be a member of the Audit Committee within two years from the following date (whichever is later):

(i) The date on which the former partner ceased to be a partner of the accounting firm; or

- (ii) The date on which the former partner ceased to enjoy the financial benefits of the accounting firm.

Article 5 The Audit Committee shall have one chairman (the convener) who is an independent non-executive Director and responsible for presiding meetings of the committee. The chairman shall be elected by more than one-half of all members.

Article 6 The terms of office of the Audit Committee shall be the same as that of the Board. Members are eligible for re-election upon expiry of terms of office. Where a member no longer serves as a Director of the Company, he automatically ceases to be a member, and the committee shall fill up the vacancy in accordance with the provisions of Articles 3 to 5 of these Terms of Reference.

Article 7 The Audit Committee shall set up a working group as a body for daily work, which is responsible for daily work liaison, organization of meeting and other work.

Chapter 3 Responsibilities and Authorities

Article 8 The Audit Committee mainly exercises the following responsibilities and authorities:

- (i) Review/Disclose financial information and internal control evaluation reports in financial accounting reports and periodic reports;
- (ii) Appointing or dismissing accounting firms that undertake audit services for listed companies;
- (iii) Appointing or dismissing the financial manager of a listed company;
- (iv) Changes in accounting policies, estimates, or significant accounting errors due to reasons other than changes in accounting standards;
- (v) Report to the Board on the matters stated in “Audit Committee” under Appendix 14 to the Hong Kong Listing Rules;
- (vi) Report to the Board on the matters stated in “Audit Committee” under Appendix 14 to the Hong Kong Listing Rules;

Article 9 The Audit Committee shall be accountable to the Board, and proposals of the committee shall be submitted to the Board for review and decision. The Audit Committee shall facilitate the supervision of audit activities by audit firms.

Article 10 The Company shall provide the Audit Committee with sufficient resources to perform its duties. The chairman of the Audit Committee shall attend the annual general meeting (if the chairman of the Audit Committee is unable to attend, another member of the Audit Committee shall attend, or if the member is unable to attend, his appropriately appointed representative shall attend), and answer questions regarding the work and responsibilities of the Audit Committee at the meeting.

Article 11 The Audit Committee shall disclose its terms of reference, and explain its role and the authority delegated to it by the Board.

Article 12 The Audit Committee should hold meetings with the external audit firm of the Company at least twice a year. If the external audit firm of the Company deems necessary, it may request for holding a meeting. However, the Audit Committee should hold meetings with external and internal auditors at least once a year in the absence of executive Directors.

Chapter 4 Decision-making Procedures

Article 13 The audit working group shall be responsible for the preparation work at an early stage in relation to the decision-making of the Audit Committee and provide written information of relevant aspects of the Company:

- (i) Relevant financial reports of the Company;
- (ii) Work reports of internal and external audit institutions;
- (iii) External audit contracts and relevant work reports;
- (iv) Disclosure of information by the Company;
- (v) Audit of major connected transactions of the Company;
- (vi) Risk management and internal control system of the Company;
- (vii) Other relevant matters.

Article 14 Meetings of the Audit Committee shall evaluate the reports provided by the audit working group, and submit the relevant written resolutions to the Board for discussion.

- (i) Evaluation of the work of external audit firms, and appointment and replacement of external audit firms;
- (ii) Whether the internal audit system of the Company has been effectively implemented, and whether the financial reports of the Company are complete and true;

- (iii) Whether the disclosed financial reports of the Company are objective and true, and whether the major related party transactions of the Company are in compliance with relevant laws and regulations;
- (iv) Evaluation of the work of the internal financial department and audit department of the Company, including their responsible personnel;
- (v) Whether the risk management and internal control system of the Company is adequate;
- (vi) Other relevant matters.

Chapter 5 Proceedings

- Article 15 The Audit Committee has regular meetings and ad hoc meetings. Regular meetings shall be held at least twice a year to review and discuss the interim and annual financial statements of the Company. Ad hoc meetings shall be held upon request by members of the Audit Committee. Notice of a regular meeting shall be issued to all members three days (exclusive of the day of meeting) before the meeting is held or other times as agreed by the members, and notice of an ad hoc meeting shall be issued to all members two days (exclusive of the day of meeting) before the meeting is held. Meetings shall be presided over by the chairman, and when the chairman cannot attend, he may appoint another member (an independent non-executive Director) to preside over the meeting.
- Article 16 Meetings of the Audit Committee should only be held when more than two-thirds of the members are present. Each member has one vote. The resolutions made at the meetings must be approved by the majority of all members (including those not present at the meeting).
- Article 17 The voting at meetings of the Audit Committee shall be undertaken by show of hands or by polls. Ad hoc meetings may be held by way of communication voting.
- Article 18 Members of the audit working group may attend meetings of the committee. If necessary, Directors, Supervisors and other management may also be invited to attend meetings.
- Article 19 If necessary, the committee may engage intermediary institutions to provide professional advice for its decisions, and the costs shall be borne by the Company.
- Article 20 The procedures for convening meetings of the Audit Committee, way of voting and resolutions approved at the meeting must comply with the provisions of relevant laws, regulations, the Hong Kong Listing Rules, the Articles of Association and these Terms of Reference.

Meetings of the Audit Committee should have minutes recorded. The opinions of independent directors should be recorded in the meeting records. Members attending a meeting shall review the minutes of meeting and sign the minutes of meeting. The minutes of meetings shall be kept by the secretary to the Board.

Article 21 If reasonable notice is given by any of the Directors, the secretary to the Board shall publish relevant minutes of meetings for inspection at any reasonable time. The first draft and final draft of the minutes of the meeting shall be sent to all members of the Audit Committee and all Directors within a reasonable period of time after the meeting. Members shall give their opinions regarding the first draft, and the final draft shall become the minutes of the meeting.

Article 22 Unless restricted by legal or regulatory provisions, the recommendations, proposals and voting results approved at the meeting of the Audit Committee shall be reported to the Board of the Company in writing.

Article 23 Members present at the meeting and those attending the meeting shall all be responsible for keeping confidential the matters discussed at the meeting, and must not disclose the relevant information without authorization.

Chapter 6 Miscellaneous

Article 24 Save for otherwise specified, the phrase “more than” as mentioned in these Terms of Reference shall include the number itself.

Article 25 These Terms of Reference shall come into effect on the date of being considered and approved by the Board. From the date on which these Terms of Reference comes into effect, the original Terms of Reference of the Audit Committee of the Board of Directors of the Company shall automatically become invalid.

Article 26 Any matters not covered in these Terms of Reference shall be implemented in accordance with the relevant provisions of the laws and regulations, listing rules of the place of listing of shares of the Company and the Articles of Association. Should there be any contradiction between the relevant provisions of these Terms of Reference and the laws and regulations, listing rules of the place of listing of shares of the Company and the Articles of Association promulgated or amended in the future, the matters shall be implemented in accordance with the provisions of relevant laws and regulations, listing rules of the place of listing of shares of the Company, the existing Articles of Association or the amended Articles of Association.

Article 27 The power of interpretation of these Terms of Reference belongs to the Board of the Company