



Bank of Jiujiang Co., Ltd.*
九江銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6190)

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

Chapter 1 General Provisions

Article 1 To strengthen the inspection and supervision functions of the Board of Directors of Bank of Jiujiang Co., Ltd. (hereinafter referred to as “the Bank”), to ensure the effective supervision of the Board of Directors on the operating management, and to improve the corporate governance structure, according to the Company Law of the People’s Republic of China, the Guidelines for Internal Audit of Commercial Banks, the Corporate Governance Guidelines for Banking and Insurance Institutions, the Measures for the Performance Evaluation of Directors and Supervisors of Banking and Insurance Institutions (Trial), the Articles of Association of Bank of Jiujiang Co., Ltd. (hereinafter referred to as “Articles of Association”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Listing Rules”) and other relevant regulations, the Bank has established an audit committee under the Board of Directors and formulated these rules.

Article 2 The Audit Committee is a special working agency under the Board of Directors and is accountable to the Board of Directors.

Chapter 2 Composition

Article 3 The Audit Committee shall be consisted of at least three directors and all of them shall be non-executive directors. The number of independent directors shall constitute a majority and at least one independent director shall have professional qualifications under the Listing Rules or appropriate accounting or related financial management expertise.

The members of the Audit Committee shall have professional knowledge and working experience in a certain area of finance, auditing, accounting or law.

A former partner of the existing auditing firm of the Bank shall be prohibited from acting as a member of the Audit Committee of the Bank for a period of one year from the date of his ceasing:

- (a) to be a partner of the firm; or
- (b) to have any financial interest in the firm, whichever is the later.

Article 4 The members of the Audit Committee shall be nominated by the Chairman of the Board, more than half of the number of independent directors or more than one-third of all directors, and shall be elected by the Board of Directors.

Article 5 The Audit Committee shall have one chairman to be responsible for the affairs of the committee; the chairman shall be acted by an independent director and shall be approved by the Board of Directors. The chairman shall work at the Bank for no less than 20 working days each year.

Article 6 The term of office of the Audit Committee shall be the same as that of the Board. A member may serve consecutive terms if re-elected upon expiry of his/her term. If any member resigns from the position of director of the Bank during his/her term of office or any member who shall be an independent director no longer possesses the independence as specified in the Articles of Association of the Bank, he/she shall automatically lose his/her position as committee member, and the vacancy shall be filled by the Board in accordance with the provisions of Articles 3 to 5 above.

Article 7 The Audit Committee shall have a permanent office, and daily work of the Committee shall be organised and executed by the office of the Board and the permanent office of the Audit Committee.

Chapter 3 Duties

Article 8 The main duties of the Audit Committee are as follows:

- (1) to check the Bank's accounting policies, financial status and financial reporting procedures;
- (2) to check the Bank's risk and compliance status, reviewing related policies and implementation of internal capital adequacy assessment procedures at least once a year, implementation of capital planning, implementation of capital adequacy ratio management plan, related audit reports on liquidity risk, market risk, operational risk, and scientific and technological risk, and report to the Board;
- (3) to supervise the implementation of the Bank's internal audit work and report the audit work to the Board of Directors on a half-year basis to enhance the effectiveness of internal audit;
- (4) to be responsible for the Bank's annual audit work, and issue a judgment report on the authenticity, accuracy, completeness and timeliness of the audited financial report information and submit it to the Board of Directors for deliberation;
- (5) to examine the internal control system of the Bank and conduct audit on major connected transactions;
- (6) to review the special audit and report of the design and implementation of the remuneration system, and submit it to the Board of Directors;

- (7) to review the project auditing in a timely manner and submit it to the Board of Directors;
- (8) to review the special audit of the Bank's business continuity management and submit it to the Board of Directors;
- (9) to be responsible for the following duties relating to the external auditors:
 - (i) to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any matter regarding the resignation or dismissal of that auditor;
 - (ii) to discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences; to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
 - (iii) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "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 part of the audit firm nationally or internationally. The Audit Committee should report and make recommendations to the Board on any matters where action or improvement is needed; and
 - (iv) to act as the key representative body for overseeing the Bank's relations with the external auditor.
- (10) to monitor the integrity of the Bank's financial statements, annual report and account, half-year report and, if prepared for publication, quarterly reports and to review significant financial reporting opinions contained in them; in reviewing these statements and reports before submission to the Board, the Committee should focus particularly on:
 - (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; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

The members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Bank's external auditors; and the Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and give due consideration to any matters that have been raised by the Bank's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

- (11) to review the financial controls, risk management and internal control systems of the Bank, including:
 - (i) to discuss the risk management and internal control system with the management to ensure that management has performed its duty to have an effective system including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Bank's accounting and financial reporting function;
 - (ii) to consider major investigation findings on risk management and internal control matters and management's response to these findings as delegated by the Board or on its own initiative;
 - (iii) where an internal audit function exists, to review and monitor the effectiveness of the internal audit function, ensure co-ordination between the internal and external auditors and ensure that the internal audit function is adequately resourced and has appropriate standing within the Bank;
 - (iv) to review the Bank's financial and accounting policies and practices;
 - (v) to review the external auditor's Letter of Explanation on the Audit to the management, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
 - (vi) to ensure that the Board provides a timely response to the issues raised in the external auditor's Letter of Explanation on the Audit to the management;
 - (vii) to report to the Board; and
 - (viii) to review arrangements employees of the Bank can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
- (12) Other matters authorized by the Board of Directors.

Article 9 The Audit Committee shall formulate an annual work plan; the matters approved by the committee meeting shall be submitted to the Board of Directors in writing for review or reported to the Board of Directors for filing.

Chapter 4 Working Procedures

Article 10 The permanent office of the Audit Committee is responsible for the preliminary preparation for resolutions of the Audit Committee, and collecting and providing written information concerning the audit of the Bank.

Article 11 The Audit Committee shall convene a meeting according to the relevant materials submitted by its permanent office to discuss and submit the results of the discussion to the Board of Directors.

Article 12 If a director or supervisor has special issues that require the review of the Audit Committee, his written report shall be submitted to the permanent office of the Audit Committee and the permanent office of the Audit Committee shall submit it to the chairman of the committee, who shall determine whether to schedule the meeting according to the principle of importance.

Chapter 5 Rules of Procedures

Article 13 Meetings of the Audit Committee shall be held at least twice a year and a notice of meeting shall be given to all members five days prior to the meeting. Meetings shall be chaired by the chairman of the committee. If the chairman of the committee cannot attend, he/she may appoint another member to chair the meeting.

The Audit Committee meetings shall be held in the form of an on-site meeting or by circulation of written proposals. If the Audit Committee meeting is held in the form of an onsite meeting, teleconference, videoconference or other forms of instantaneous communication may be adopted for the convenience of the committee members attending the Audit Committee meeting. Committee members' participation in the Audit Committee meetings by the aforementioned means shall be deemed to have attended the on-site meeting.

If the Audit Committee meetings are held in the form of teleconference, video conference or by other instantaneous communication means, the Audit Committee must ensure that speeches by other committee members can be heard clearly by members participating at the meeting and that they can communicate with each other.

In case of an emergency where an extraordinary meeting shall be held as soon as possible, the above-mentioned notice period may be exempted. However, the chairman of the Audit Committee shall make an explanation at the meeting.

Article 14 The Audit Committee meeting shall be held with the attendance of two thirds of all committee members. Audit Committee members shall attend the meetings in person. If a member cannot attend in person, he or she shall authorize in writing the attendance by another committee member on his or her behalf. The letter of authorization shall include the name of the authorized person, authorized matters and scope of power, and shall be signed and sealed by the principal.

Article 15 The Audit Committee meeting shall vote by a show of hands or by open ballot. The resolution of the meeting shall be passed by more than half of the votes of all committee members. Each committee member shall have one (1) vote.

Article 16 Permanent office members of the Audit Committee may attend meetings of the Audit Committee without voting rights. Directors, supervisors, senior management and staff of other related departments of the Bank may be invited to attend such meetings without voting rights if necessary.

Article 17 Intermediaries may be engaged by the Audit Committee at the expense of the Bank to give professional advice on its decision-making if necessary.

Article 18 The Audit Committee shall prepare meeting minutes for decisions made in respect of matters discussed, including any concerns raised or dissenting views expressed by the members. Meeting minutes shall be permanently kept as the archives of the Bank in accordance with relevant provisions of the Measures for Archives Management of Bank of Jiujiang Co., Ltd. Draft and finalized version of the meeting minutes should be delivered to all members of the Audit Committee within a reasonable time after the meeting respectively. The draft is for expression of opinions by members and the finalized version is for their record purpose.

Article 19 The Committee members and other relevant persons who attend the meeting should have obligations to keep the matters discussed at the meeting confidential and must not disclose the relevant information without authorization.

Chapter 6 Supplementary Provisions

Article 20 The term “auditor” as used in these Rules shall have the same meaning as “auditing firm” and “accountant”. In addition, unless the context otherwise requires, the terms used in these Implementation Rules shall have the same meanings as those used in the Listing Rules and shall be interpreted as to the definitions in the Listing Rules.

Article 21 These Rules shall take effect and be implemented on the date on which the relevant resolution is passed by the Board.

Article 22 Any matters not covered by these Rules shall be implemented in accordance with the provisions of the relevant laws and regulations of the People’s Republic of China and the Articles of Association, Listing Rules and other securities regulatory rules of the place where the Bank’s shares are listed. Where these Rules contravene any future laws and regulations promulgated by the People’s Republic of China and the place where the Bank’s shares are listed or the legally amended Articles of

Association, implementation shall be in accordance with the then provisions of the relevant laws and regulations of the People's Republic of China, securities regulatory rules of the place where the Bank's shares are listed and the Articles of Association of the Bank, and these Rules shall be promptly amended and reported to the Board for consideration and adoption.

Article 23 The power of interpretation of these Rules shall be vested in the Board of the Bank.