



**BANK OF TIANJIN CO., LTD.\***

**天津銀行股份有限公司\***

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

**(Stock Code: 1578)**

**BANK OF TIANJIN CO., LTD.**

## **TERMS OF REFERENCE FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

### **CHAPTER I GENERAL PROVISIONS**

**Article 1** In order to improve the corporate governance mechanism of Bank of Tianjin Co., Ltd. (hereinafter referred to as the “**Company**”), strengthen the internal supervision and risk control, standardize the audit work, ensure that the financial management, accounting and auditing are in compliance with the requirements of various national laws and regulations and improve the quality and efficiency of the decision-making of the Board of Directors, the Company has formulated these Terms of Reference pursuant to the laws and regulations, including the *Company Law of the People's Republic of China, the Commercial Banking Law of the People's Republic of China, the Corporate Governance Standards for Banking or Insurance Institutions, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (hereinafter referred to as the “**Listing Rules**”), the regulatory provisions and the relevant requirements of the *Guidelines on Regulating the Rules of Procedure of the Audit Committee of the Board of Directors of Enterprises of Tianjin State-owned Assets Supervision and Administration Commission (For Trial Implementation)* and the Articles of Association of Bank of Tianjin Co., Ltd. (hereinafter referred to as the “**Articles of Association**”), in conjunction with the actual circumstances of the Company.

**Article 2** The Audit Committee is a specialised working organisation established under the Board of Directors of the Company, and is accountable to the Board of Directors. The Audit Committee assists the Board of Directors in carrying out relevant work, and is mainly responsible for inspecting, supervising and evaluating the Company's work in relation to financial information, internal control and internal audit, etc., and making recommendations or providing comments to the Board of Directors.

### **CHAPTER II COMPOSITION AND AGENCIES**

**Article 3** The Audit Committee shall consist of three or more directors. The members of the Audit Committee shall have certain professional knowledge and work experience in finance, audit, accounting or law that are suitable for the duties of the special committee and at least one independent director shall have appropriate professional qualifications or accounting or related financial management expertise under the Listing Rules, and the accounting professional among independent directors shall serve as the convener. Members of the Audit Committee shall not have any relationship with the Company that may affect their independent and objective judgment. Employee representatives among members of the Board of Directors may serve as members of the Audit Committee.

**Article 4** A former partner of the accounting firm currently responsible for account auditing of the Company shall not, within two years after termination of such partnership or within two years after termination of his/her financial interest in such external auditors (whichever comes later), act as the member of the Audit Committee.

**Article 5** The Audit Committee shall include one Chairman, who should be an independent director, to chair the work of the committee. The Audit Committee consists of a number of members, with a majority being the independent directors. The Chairman and all members shall be the Company's non-executive directors, who shall be nominated by the Chairman of the Board of Directors in accordance with the laws, regulations, regulatory provisions and the professional expertise of the directors and elected by the Board of Directors.

**Article 6** The duties of the Chairman of the Audit Committee shall include:

- (1) chairing the work of the committee to ensure the effective functioning and performance of duties by the committee;
- (2) convening and presiding over the meetings of the committee to determine the agendas of the committee in accordance with these Terms of Reference;
- (3) ensuring that all members are aware of the matters to be discussed at the committee meetings and that every committee member has access to complete and reliable information;
- (4) ensuring that all matters are discussed at the committee meetings in a timely manner and that clear conclusions can be made for each topic discussed;
- (5) other functions and powers stipulated by the laws, regulations and these Terms of Reference.

**Article 7** When the Chairman is unable to or does not perform his/her duties, a majority of the members of the Audit Committee shall jointly nominate one committee member, who shall be an independent director, to perform such duties.

**Article 8** The term of office of members of the Audit Committee shall be identical with that of the directors, and members of the committee may serve consecutive terms if re-elected upon the expiration of his/her term. If any member ceases to be a director of the Company, he/she shall automatically lose the qualification as a member of the committee. The vacancy shall be filled up by the Board of Directors in accordance with the provisions of Article 5 above.

**Article 9** The members of the Audit Committee shall conscientiously perform their duties and participate in its meetings and activities. Any member of the Audit Committee may be dismissed by the Board of Directors after discussion if any circumstance listed below occurs:

- (1) he/she tenders a written application for resignation;
- (2) he/she fails to attend the meetings in person without reason for two consecutive times and without entrusting other members to attend the meetings on his/her behalf;
- (3) he/she is involved in gross misconduct or in violation of the laws and regulations, regulatory provisions, the Articles of Association or these Terms of Reference during his/her term of office;
- (4) other circumstances under which the Board of Directors considers that he/she is not fit to continue to serve in the position.

**Article 10** The Audit Committee shall establish administrative bodies, consisting of a working body and a secretarial body.

The Internal Audit Department of the Company is the working body of the Audit Committee and shall be responsible for the formulation of the meeting agendas, the implementation of the decisions of the committee and provision of relevant information. The Office of the Board of Directors is the secretarial body of the Audit Committee and shall be responsible for handling of daily affairs and the organisation of the committee meetings, arranging meeting administration, compiling the minutes and resolutions of the committee meetings, keeping and submitting meeting materials and standardizing meeting documents, etc.

### **CHAPTER III RESPONSIBILITIES AND AUTHORITIES**

**Article 11** The Company does not establish a Board of Supervisors or appoint supervisors. The Audit Committee under the Board of Directors shall exercise the functions and powers of the Board of Supervisors as stipulated by the Company Law. The main responsibilities and authorities of the Audit Committee include studying and considering the following matters, as well as providing opinions or suggestions to the Board of Directors, submitting resolutions to the Board of Directors for consideration or reporting to the Board of Directors and the senior management in this regard:

- (1) to review the financial position of the Company;
- (2) to supervise the performance of duties by directors and senior management officers of the Company, and propose the dismissal of any directors or senior management officers who violate laws, administrative regulations, the Articles of Association, or resolutions of the general meetings;
- (3) to require directors and senior management officers to rectify their actions when such actions harm the interests of the Company;
- (4) to propose the convening of an extraordinary general meeting and, when the Board of Directors fails to convene or preside over general meetings as required by the Articles of Association, convening and presiding over such meetings;
- (5) to submit proposals to the general meetings;
- (6) to initiate legal proceedings against directors or senior management officers in accordance with the law;
- (7) to supervise the Board of Directors in establishing sound business principles and value standards and formulating development strategies that are appropriate for the Company;
- (8) to assess the scientific nature, rationality, and soundness of the Company's development strategies and preparing assessment reports;
- (9) to supervise and to inspect the Company's business decisions, risk management, and internal control systems and urge rectification;
- (10) to supervise the selection and appointment procedures for Directors;

- (11) to supervise the implementation of the Company's compensation management system and the scientific and reasonable nature of compensation schemes for senior management officers;
- (12) to review the profit distribution plan of the Company and to provide opinions on the compliance and reasonableness of the profit distribution plan;
- (13) to review the Company's periodic reports and providing written review opinions on the truthfulness, accuracy, and completeness of the reports;
- (14) to evaluate the performance of the Board of Directors and senior management and their members;
- (15) to assist the Board of Directors in performing the duties in relation to the Company's audit work in accordance with requirements of the law, the Articles of Association, these Terms of Reference and the authorisation of the Board of Directors;
- (16) to be responsible for examining and considering the Company's internal audit system, audit charter and audit plan, making suggestions for improvement;
- (17) to organize and lead in the Company's internal audit work pursuant to the authorisation of the Board of Directors, to approve the Company's audit policies and procedures and the Company's annual audit work plan;
- (18) to guide the work of the Company's Internal Audit Department, to evaluate the working procedures and work results of the Internal Audit Department;
- (19) to listen to the audit report of the Internal Audit Department regularly;
- (20) to assess the chief auditor and internal audit work, to form the final assessment results;
- (21) to guide the construction of the internal control mechanism of the Company;
- (22) to review the Company's accounting policies, financial position and financial reporting procedures, and to inspect the Company's risk and compliance;
- (23) to consider the internal control reports, and to supervise and inspect the effectiveness of the implementation;
- (24) to appoint, re-appoint or dismiss the accounting firm which is performing audit work for the Company, to approve its remuneration, terms of engagement and to handle issues related to the above-mentioned matters, and to review the management consulting program of the certified public accountants to be employed;
- (25) to consider the audit report as issued by the accounting firm on the Company's operating results in the previous year, and to make judgments on the authenticity, accuracy, completeness and timeliness of the information of the audited financial reports;
- (26) within the Terms of Reference of the Audit Committee, the Audit Committee has authority to conduct investigations;

- (27) the Audit Committee has authority to require senior management to report, in a timely manner, plans to address major accounting issues;
- (28) the Audit Committee has authority to obtain audit results from the Internal Audit Department in relation to the internal functional departments as well as branch and sub-branch institutions, and if it has queries, the Audit Committee has the power to request explanation from the senior management;
- (29) to examine whether the accounting firm is independent and objective and whether the audit procedures are effective in accordance with the relevant laws and regulations, to communicate with the accounting firm on relevant issues such as the scope of audit before commencement of the audit work;
- (30) to formulate and implement policies for non-audit services of accounting firm; the Audit Committee shall report to the Board of Directors and make recommendations on any matters requiring action or improvement;
- (31) to review the completeness of the Company's financial statements, annual reports and interim reports, and to review important matters related to financial data contained therein. Before submitting relevant statements and reports to the Board of Directors, the Audit Committee shall particularly review the adjustments to accounting policies and practices, material adjustments to data arising from audit, the Company's continued operation plans and relevant opinions, and to consider whether the Company is in compliance with the relevant laws and regulations regarding the accounting standards;

With regard to the above, members of the Audit Committee shall liaise with the Board of Directors and senior management, meet with the Company's certified public accountants at least twice a year, consider significant matters reflected or required to be reflected in the above reports and accounts, and give due consideration to matters raised by the Company's financial officers and certified public accountants, ensure co-ordination between the internal auditors and certified public accountants, ensure the internal audit function is adequately resourced and has appropriate standing within the Company and is effective, review the Group's financial and accounting policies and practices;

- (32) to raise concerns about possible improprieties in financial reporting, internal control or other matters involving employees of the Company, and to ensure the Company conducts fair and independent investigations on the above matters and adopts appropriate measures;
- (33) to act as the major representative between the Company and certified public accountants and to supervise and review the relationship between them;
- (34) to be responsible for the communication between internal audit and external audit;
- (35) to be responsible for auditing the Company's financial information and its disclosure;
- (36) the Audit Committee shall make available these Terms of Reference on the websites of the Hong Kong Stock Exchange and the Company, which explain its role and the authority delegated to it by the Board of Directors;
- (37) to formulate these Terms of Reference for the Audit Committee;
- (38) other matters as required by the laws and regulations, regulatory provisions, the Articles of Association and authorised by the Board of Directors.

## **CHAPTER IV WORKING RELATIONSHIP**

**Article 12** The Audit Committee is accountable to the Board of Directors and reports its work to the Board of Directors. The Company provides the members of the Audit Committee with necessary working conditions in performing their duties. If necessary, the Audit Committee may engage external experts or agencies to provide professional advice in relation to its decisions, and the reasonable costs arising therefrom shall be borne by the Company.

**Article 13** The Audit Committee shall submit comments and suggestions to the Board of Directors in the form of written proposals, and the Chairman of the Audit Committee shall give explanation and description according to the scheduled agenda at the meeting of the Board of Directors. If the Chairman of the Audit Committee is unable to attend the meeting of the Board of Directors, he/she shall entrust other members to give explanation and description in accordance with relevant procedures.

**Article 14** The comments and suggestions based on its investigation and study submitted by the Audit Committee to the Board of Directors are for important reference only when relevant proposals are considered by the Board of Directors. Such comments and suggestions shall not constitute proposals and the Board of Directors shall not make separate resolutions on these comments and suggestions.

**Article 15** The Audit Committee shall perform its duties within the scope authorised by the Articles of Association and the Board of Directors and shall not make any decision in the name of the Board of Directors.

**Article 16** The Audit Committee shall forward its review comments or conclusions on relevant matters which need to be acknowledged by other special committees of the Board of Directors to such special committees through the secretarial body.

**Article 17** The Audit Committee has the authority to require the senior management officers of the Company to provide sufficient support to its work and give comprehensive answers to the questions raised by the Audit Committee as soon as practicable. The senior management officers and relevant departments shall support and aid the work of the Audit Committee, providing the committee with the information necessary to perform its duties in a timely manner. The information provided to the Audit Committee shall be timely, accurate, true, complete and standardised, and its format and quantity shall be sufficient to allow the committee to make any informed decisions.

**Article 18** If the decision-making matters of the Board of Directors fall within the scope of responsibilities of the Audit Committee, the Audit Committee shall conduct study and discussion before forming written comments or suggestions for the Board of Directors to consider. The matters involving the pre-study of the Party Committee shall be submitted to the Board of Directors for consideration by the Audit Committee upon the approval of pre-study by the Party Committee.

## **CHAPTER V MEETING PROCEDURES**

**Article 19** The meetings of the Audit Committee shall be convened and presided over by the Chairman of the Audit Committee. The timing of the meetings depends on the work requirements. The Chairman of the Audit Committee may, through the Office of the Board of Directors, consult other members' views on the meeting time in advance.

**Article 20** The Audit Committee shall hold at least one meeting every quarter, and may hold an extraordinary meeting when two or more members propose, or when the convener or the Board of Directors deems it necessary.

**Article 21** The meetings of the Audit Committee can be convened by way of an on-site meeting or circulation of written resolution. If the meeting of the Audit Committee is convened in the form of an on-site meeting, video conference, teleconference or other forms of instantaneous communication may be adopted for the convenience of the committee members attending the meeting of the Audit Committee. Committee members attending the meeting of the Audit Committee by the aforementioned means shall be deemed to have attended the on-site meeting.

**Article 22** The Audit Committee is responsible for reviewing and disclosing the Company's financial information, supervising and evaluating internal and external audit work and internal control. The following matters should be submitted to the Board for deliberation after the consent of more than half 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 Company's regular statutory auditing business;
- (3) appointment or dismissal of the Company's financial controller;
- (4) changes in accounting policies, accounting estimates, or corrections of significant accounting errors for reasons other than changes in accounting standards;
- (5) other matters as stipulated by the laws, regulations, regulatory provisions, and the Articles of Association.

**Article 23** The notice of meeting of the Audit Committee shall contain the time, venue, session, agenda, topics and the date of the notice, etc. The materials of the Audit Committee shall include relevant background materials on the topics of the meeting and necessary information and data to assist members in making judgments. The above materials shall be provided in a timely, accurate, true, complete and standardised manner.

**Article 24** The meetings of the Audit Committee may be held only when more than two-thirds of the members are present.

**Article 25** Members of the Audit Committee shall attend the meeting of the Audit Committee in person. If he/she cannot attend the meeting, he/she shall authorize other member in writing to attend the meeting and exercise voting rights on his/her behalf. The power of attorney shall specify the names of the principal and the proxy, authorisation scope, the voting opinions on behalf of the principal and authorisation period. Each member shall not be entrusted by more than two members at the same time. If a member of the Audit Committee neither attends the meeting in person nor entrusts other members to attend on his/her behalf, he/she shall be deemed absent in the relevant meeting and shall automatically waive the right to vote in that meeting.

**Article 26** When reviewing relevant matters or voting, members attending the meeting shall adopt an attitude of seriousness and responsibility to the Company, express opinions and advice independently and sufficiently in relation to matters discussed, and bear responsibility in relation to his/her own vote.

**Article 27** If deemed necessary by the Audit Committee, the Audit Committee may invite the Company's directors, members of senior management officers, the responsible persons of relevant departments of the Company or professional parties to attend the meeting as non-voting delegates, make presentation on the subject matters of the meeting and respond to inquiries.

**Article 28** Voting at meetings of the Audit Committee shall be by hand or by poll.

**Article 29** Each member of the Audit Committee shall have one vote. A resolution shall be passed if approved by more than half of all members. Any member who has significant interest in the relevant matter(s) shall abstain from consideration and voting. When the number of members required for approval cannot be met due to reasons such as the aforementioned situation and the resignation of directors who serve as members, the Audit Committee shall submit the relevant topics directly to the Board of Directors for consideration.

**Article 30** The Office of the Board of Directors is responsible for taking and organizing the meeting minutes of the Audit Committee and the consolidation of meeting resolutions. The Office of the Board of Directors is responsible for keeping the meeting minutes and meeting resolutions upon signatures by the members attending the meeting.

The secretary to the Board of Directors attending the meeting as a non-voting delegate shall sign the meeting minutes.

**Article 31** The meeting minutes of the Audit Committee shall contain the following:

- (1) meeting date, venue and name of convener and person presiding over the meeting;
- (2) names of the members present and the names of directors (proxy(ies)) being entrusted to attend the meeting;
- (3) agenda(s) and topics of the meeting;
- (4) key points of speeches by members;
- (5) voting methods and results for each resolution (the voting results shall clearly state the number of votes for or against the resolution or abstention and the names of the voters);

(6) other relevant content of the meeting;

(7) name of the person taking minutes.

**Article 32** Any person present at the meetings shall keep the subject matters of such meeting in confidentiality, and shall not disclose the information without authorisation.

**Article 33** When considering and discussing the audit report in respect of the Company's operating results and financial condition in the previous year, which was issued by the accounting firm, the Audit Committee should listen to the situation described by the accounting firm and senior management. Should the Audit Committee have any objections or doubts, the Audit Committee shall raise queries to the accounting firm and relevant parties. After the audit report is considered and passed, the Audit Committee shall provide written comments, which will be submitted to the Board of Directors for consideration.

## **CHAPTER VI SUPPLEMENTARY PROVISIONS**

**Article 34** Unless otherwise specified, the terms used herein shall have the same meanings as those in the Articles of Association.

**Article 35** The word "above" referred to in these Terms of Reference shall be inclusive, while the words "over", "more than" shall be exclusive.

**Article 36** These Terms of Reference shall become effective on the date of consideration, approval and issuance by the Board of Directors. The then Terms of Reference for the Audit Committee of the Board of Directors of Bank of Tianjin Co., Ltd. (Tian Yin Dong [2022] No. 2) shall be abolished on the same day.

**Article 37** These Terms of Reference shall be interpreted by the Board of Directors.

These Terms of Reference are prepared in both the Chinese and English versions. The English version is for reference only. In the event of any discrepancy between the Chinese and the English versions, the Chinese version shall prevail.

\* *Bank of Tianjin Co., Ltd. is not an authorised institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.*