

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE UNDER THE BOARD OF DIRECTORS OF SINOPEC ENGINEERING (GROUP) CO., LTD.

(Approved by resolution at the tenth meeting of the fifth session
of the board of directors of the Company in 2025)

1 General Provisions

- 1.1** These terms of reference (these “**Terms**”) are formulated by SINOPEC Engineering (Group) Co., Ltd. (the “**Company**”) for the audit committee (the “**Committee**”) under its board of directors (the “**Board**”) in accordance with the Articles of Association of SINOPEC Engineering (Group) Co., Ltd. (the “**Articles**”), the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), Guidelines for Effective Audit Committees published by Hong Kong Institute of Certified Public Accountants and other relevant regulations in order to clarify the composition, responsibilities and standardize the rules of procedure of the Committee.

2 Composition of the Committee

- 2.1** The Committee shall comprise a minimum of three directors, including a chairperson. The Committee may appoint a vice chairperson, and each of the chairperson and the vice chairperson shall be an independent director designated by the Board. The chairperson of the Committee also serves as the Company’s lead independent director. All members of the Committee shall be non-executive directors of the Company, and the majority of the members of the Committee shall be independent directors of the Company.

The Committee shall establish an administrative office in the Supervision and Audit Department of the Company, which shall be responsible for undertaking daily business of the Committee.

- 2.2** The members of the Committee shall satisfy the following requirements:

- (1) familiarity with relevant domestic and foreign laws and regulations, as well as the business, organisational structure, management and control system of the Company;
- (2) knowledge in areas of finance, accounting, auditing, supervision or macro-economy etc., and familiarity with the operation and management of the Company; at least one member of the Committee must be an independent director with appropriate expertise in accounting or financial management;
- (3) strong ability to make comprehensive analysis and judgment and capable of handling complicated financial and operational issues;

- (4) strictly complying with the law, proactively performing their duties and safeguarding the rights and interests of the Company and all its shareholders in accordance with applicable laws and regulations and the Articles;
- (5) maintaining strict confidentiality of the business secrets of the Company and refraining from abuse of power for personal gain;
- (6) a former partner of the Company's existing external auditing firm shall be prohibited from acting as a member of the Committee for a period of two years from the date of his/her ceasing: (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is later.

2.3 Members of the Committee shall be nominated by the Chairman of the Board, or by a majority of the independent directors, or by one-third or more of all directors, and shall be appointed by the Board.

2.4 The tenure of a member of the Committee shall be the same as the tenure of his/her directorship. If a member of the Committee ceases to be a director of the Company, such member shall automatically cease to be a member of the Committee. A member of the Committee may resign prior to the expiry of his/her term of office by submitting a written resignation report to the Board, which shall include a statement of the reason for such resignation and if necessary the matters that should be brought to the attention of the Board. If a member of the Committee is disqualified to act or his/her resignation has been accepted, the Company shall fill in the vacancy by appointing a successor member in accordance with Articles 2.1, 2.2 and 2.3 above.

3 Duties and Responsibilities of the Committee

3.1 The Committee shall perform the following duties and responsibilities:

- (1) to give advice on the appointment, reappointment, removal and remuneration of the independent auditor;
- (2) to review and monitor the independence and objectivity of the independent auditor as well as the effectiveness of the audit process in accordance with applicable standards. The Committee shall discuss the nature and scope of the audit and reporting obligations with the independent auditor before the audit commences;
- (3) to develop and implement policies on engaging an external auditor to provide non-audit services, if necessary. The Committee shall report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

- (4) to review the quarterly (if any), half-year and annual financial statements to be proposed to the Board, monitoring the completeness, accuracy and fairness of the financial statements of the Company. In reviewing these financial statements, the Committee shall focus on: any changes in accounting policies and practices of the Company during the reporting period, major judgment areas, significant adjustments required by the independent auditor after auditing the accounts, the going concern assumptions and any qualified opinion, compliance with Enterprise Accounting System and the relevant legal requirements;
- (5) to consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, and give due consideration to any matters that have been raised by the Company's accounting and finance department, supervision department or auditors;
- (6) to discuss any queries raised by the independent auditor after reviewing the half-year accounts and auditing the annual accounts of the Company;
- (7) to review the independent auditor's inspection statement or management advice letter (including any material queries raised by the independent auditor regarding the accounting records, financial accounts or monitoring system), and the responses to queries from the Company's management;
- (8) to communicate with the Board, senior management and the independent auditor in respect of the Company's financial reports on a regular basis. The Committee shall meet, at least twice a year, with the Company's independent auditor;
- (9) to be responsible for any material communication between the internal and external auditors;
- (10) to review the Company's financial policies, internal auditing system, internal control system and risk management system, including:
 - (i) reviewing the Company's financial and accounting policies and practices;
 - (ii) monitoring the preparation process of the periodic financial reports (quarterly report (if any), half-year financial report and annual financial report) and reviewing the periodic financial reports, the publication of financial results and other relevant information;

- (iii) overseeing the Company's internal control and risk management systems on an ongoing basis, to ensure that a review of the effectiveness of the Company's and its subsidiaries' internal control and risk management systems has been conducted at least annually; the review should cover all material controls, including financial, operational and compliance controls, and in particular, the following aspects:
 - a) the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;
 - b) the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and the work of its internal audit function and other assurance providers;
 - c) the extent and frequency of communication of monitoring results to the Committee which enables it to assess control of the Company and the effectiveness of risk management;
 - d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have a material impact on the Company's financial performance or condition; and
 - e) the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.
- (iv) discussing and evaluating the effectiveness of the internal control system and risk management system with the management, including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting function;
- (v) considering major investigation findings on internal control and risk management matters on its own initiative or as delegated by the Board and the management's response to these findings;
- (vi) submitting the annual report on overall risk management to the Board;
- (vii) considering the Company's risk management strategies and the solutions for major risk management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

- (viii) considering the judgment criteria or the judgment mechanism related to major decision-makings, major risks, major events and important business procedures, as well as the risk assessment report of major decisions;
 - (ix) considering the report on the internal control submitted by the internal audit department;
 - (x) considering the establishment of the risk management organisations, and proposals of their responsibilities;
 - (xi) supervising and controlling the risk of being affected by overseas sanction laws, to ensure timely, complete and accurate disclosure of information on the transactions sanctioned by overseas sanction laws;
 - (xii) ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate authority and standing within the Company, and reviewing and monitoring its effectiveness;
 - (xiii) reviewing any queries raised by the independent auditor to the management with respect to finance and internal control of the Company and ensuring that the management will provide a timely response to these queries; and
 - (xiv) reporting on the relevant matters within its scope of responsibility to the Board; considering other topics, as delegated by the Board.
- (11) the Committee shall establish a procedure for dealing with the following issues:
- (i) receiving, retaining and dealing with complaints coming to the knowledge of the Company in relation to accounting, internal control, risk management or auditing matters; and
 - (ii) receiving, dealing with and keeping in confidence complaints or whistleblowing from the Company's employees on accounting or auditing matters.
- (12) to complete other tasks assigned by the Board;
- (13) to supervise the actions of directors and senior management in performing their duties, and to propose the removal of directors or senior management who violate laws, administrative regulations, the Articles, or resolutions of the shareholders' meeting;
- (14) to demand that directors or senior management correct their actions when such actions are found to be detrimental to the Company's interests;

- (15) to propose the convening of an extraordinary shareholders' meeting, and to convene and preside over the shareholders' meeting when the Board fails to fulfil its duty of convening and presiding over the shareholders' meeting under the Company Law of the People's Republic of China;
- (16) to submit proposals to the shareholders' meeting;
- (17) to initiate litigation against directors and senior management in accordance with the provisions of Article 189 of the Company Law of the People's Republic of China;
- (18) to fulfil other duties and responsibilities delegated by the relevant regulatory rules and the Articles.

The senior management and relevant departments of the Company shall actively provide such necessary information and documents as required by the Committee in a cooperative and supportive manner. In particular, the finance department shall provide true and accurate financial reports, reports on operation of funds and other financial information to the Committee on a regular basis, timely keep the Committee informed of significant business activities, actively cooperate with the work of the Committee and pay attention to the proposals and requirements raised by the Committee.

3.2 The Committee shall report its work to the Board on a regular basis.

3.3 The Committee's costs shall be covered by the budget of the Company. When performing its duties, the Committee may engage legal counsels, certified public accountants, practicing auditors and other professional advisors at the reasonable cost of the Company.

3.4 The chairperson of the Committee shall perform the following duties and responsibilities:

- (1) to convene and preside over the meetings of the Committee;
- (2) to take charge of the daily business of the Committee;
- (3) to review, determine and sign the reports and other important documents of the Committee;
- (4) to examine the implementation of the resolutions and proposals of the Committee;
- (5) to report to the Board on behalf of the Committee;
- (6) to fulfil such other duties and responsibilities as assigned to the chairperson of the Committee.

If the chairperson is unable to or fails to perform his/her duties, the vice chairperson shall perform his/her duties; if the vice chairperson is unable to or fails to perform his/her duties, a member of the Committee who is an independent director as elected by a majority of all members of the Committee shall perform his/her duties.

4 Working Practices, Meetings and Rules of Procedure of the Committee

4.1 The Committee shall promptly convene meetings on a regular basis or as necessary, to discuss the internal audit plan, to listen to the reports of the Company's finance and audit departments, and to review the Company's quarterly (if any), half-year and annual financial reports, etc. The Committee may engage professional advisors, if necessary, and make decisions or proposals to the Board after taking into account the opinions of the professional advisors.

4.2 Meetings and Rules of Procedure of the Committee

(1) The meetings of the Committee shall be convened, and the notice thereof shall be issued, by the chairperson. The notice of the meeting and the meeting agenda shall be delivered to all members of the Committee five to ten days before the date of the meeting. Subject to the consent of all members of the Committee, the foregoing requirement of notification period may be waived;

(2) a majority of the members of the Committee (including a proxy duly authorised in writing) shall be a quorum for a Committee meeting. Any of the resolutions or advice made by the Committee shall be subject to the approval of a majority of all the members present at the meeting. All the resolutions or advice shall be signed by the members present at the meeting. Each member of the Committee shall have one vote.

4.3 The draft and final versions of the meeting minutes of the Committee shall be sent to all members of the Committee for their comment and records, respectively, within a reasonable time after the meeting. The meeting minutes shall be circulated to all members of the Board after they had been signed by the members of the Committee present at the meeting.

4.4 Members present at a meeting of the Committee shall keep confidential all the matters discussed at such meeting, and may not disclose such information without authorisation.

5 Supplementary Provisions

5.1 These Terms shall be interpreted by the Committee.

5.2 In the event of any conflict between these Terms and any provision of relevant regulatory rules, which have been promulgated from time to time, the latter shall prevail.

- 5.3** Unless otherwise indicated, the terms used herein shall have the same meanings as those in the Articles.
- 5.4** In the event of any discrepancy between the English and Chinese versions of these Terms, the Chinese version shall prevail.
- 5.5** These Terms and any amendments hereto shall take effect upon the approval of the Board.