Terms of Reference of the Audit Committee Under the Board of Directors of Luzhou Bank Co., Ltd. (2025 Revision)

Chapter I General Provisions

Article 1 In accordance with the *Company Law of the People's Republic of China*, the *Code of Corporate Governance of Banking and Insurance Institutions*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the "Listing Rules"), the *Articles of Association of Luzhou Bank Co., Ltd.* (the "Articles of Association"), the *Terms of Reference of the Board of Directors* (the "*Board*") *of Luzhou Bank Co., Ltd.* and other relevant regulations, Luzhou Bank Co., Ltd. (the "Bank") hereby establishes the Audit Committee (the "Committee") under the Board and formulates these Terms of Reference, with a view to standardizing the decision-making mechanism of the Board of the Bank, ensuring effective supervision of the Board over the operations and management of the Bank, and improving the corporate governance structure of the Bank.

Article 2 The Committee is a special working body under the Board established by the Board in accordance with the Articles of Association.

Chapter II Members and Duties

Article 3 The Committee shall consist of three to five non-executive directors of the Bank, and shall not comprise any director nominated by the controlling shareholders. The Committee shall comprise a majority of independent directors, and the head of the Committee shall be an independent director. Members of the Committee shall possess professional knowledge and work experience in one aspect of finance, auditing, accounting or law, etc., and at least one member shall be an independent director with appropriate professional qualifications or appropriate accounting or related financial management expertise as required by the Listing Rules.

Article 4 Members of the Committee shall have the qualifications required by China's relevant laws and regulations, the Listing Rules and regulatory authorities. In particular, any former partner in the audit firm which is currently responsible for auditing the accounts of the Bank shall not be a member of the Committee within two years commencing on either of the following dates (whichever is later):

(1) The date on which the person ceases to be a partner in the firm; or

(2) The date on which the person ceases to enjoy financial interest in the firm.

Article 5 Members of the Committee shall be nominated by the nomination and remuneration committees and submitted to the Board for consideration and approval. The dismissal of a member of the Committee shall be proposed by the Nomination and Remuneration Committee and submitted to the Board for consideration and approval.

Article 6 The Committee shall have a chairperson, who takes charge of the works of the Committee; and the chairperson shall be nominated by the chairman of the Board of the Bank and be subject to consideration of the Board. The dismissal of the chairperson shall be proposed by the chairman of the Board or at least one third of the directors, and shall be subject to consideration of the Board. Main authorities of the chairperson are:

(1) to convene and preside over meetings of the Committee, confirm the agenda of each meeting of the Committee, and sign and circulate the resolutions;

(2) to ensure that all members attending the meeting of the Committee understand the matters discussed by the Committee, and obtain complete and reliable information;

(3) to ensure that the Committee can make clear conclusions on all the matters considered, and such conclusions include pass, rejection, or consideration after supplementing materials;

(4) to ensure the effective operation and performance of duties of the Committee;

(5) other functions and powers specified by these Terms of Reference and the Listing Rules.

Article 7 Members of the Committee shall have the same term of office as directors and such a term of office is renewable upon re-election when it expires. Members who no longer assume as director of the Bank or meet the qualifications of member shall automatically lose the membership of the Committee, and the Board shall make up the vacancies according to Articles 3 to 5 of these Terms of Reference, and the term of office of new members shall be the same as that of the aforesaid members.

Article 8 Main duties of the members of the Committee shall be:

(1) to attend meetings of the Committee on time according to these Terms of Reference, give opinions on the matters discussed at the meetings and exercise voting rights;

(2) to propose issues to be discussed at the meetings of the Committee;

(3) for the purpose of performing duties, to attend the relevant meetings of the Bank without voting rights, conduct investigations and obtain necessary reports, documents and materials;

(4) to fully understand the duties of the Committee and his/her duties as member of the Committee, and be familiar with the Bank's operation and management, business activities and development situation, which are relating to the said duties, so as to ensure the abilities of performing duties;

(5) to spend enough time and efforts on performing duties;

(6) other duties specified by these Terms of Reference and the Listing Rules.

Article 9 In respect of the meetings convened by the Committee, the office of the Board of the Bank shall take charge of collecting materials, work coordination and meeting affairs.

Article 10 When necessary, the Committee shall have the right to invite directors, senior managers and responsible persons of relevant departments to attend the meeting of the Committee without voting rights.

Chapter III Duties of the Committee

Article 11 The main duties of the Committee shall include:

(1) be responsible for the examination of the Bank's risks and compliance status, accounting policies, financial positions, and financial reporting procedures;

(2) be responsible for the annual audit of the Bank and issue a conclusive report on the truthfulness, completeness, accuracy and promptness of the information in the audited financial report and submit it to the Board for review;

(3) to examine the internal control system of the Bank and audit its major related party (connected) transactions;

(4) be mainly responsible for advising the Board on the appointment, re-appointment and dismissal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and handling any issues relating to the resignation or dismissal of such auditor;

(5) to review and monitor the independence and objectivity of the external auditor and the effectiveness of audit procedures against applicable standards; the Committee shall discuss with the auditor the nature and scope of the audit and related reporting responsibilities prior to the commencement of the audit;

(6) to formulate and implement policies on the provision of non-audit services by external auditors (the "external auditors" as defined in the Listing Rules), and report and propose recommendations and suggestions to the Board on any required actions or improvements;

(7) to monitor the completeness of the Bank's financial statements and annual reports and accounts, semi-annual reports, and quarterly reports (if any), and review statements and material opinions contained in the reports in relation to financial reporting. Before the Committee submits relevant statements and reports to the Board, particular examination shall be conducted on: (1) Changes in accounting policies and practices; (2) Parts involving material conclusions; (3) Material adjustments made as a result of the audit; (4) Assumptions and any reservations about going concern; (5) Compliance with accounting standards; (6) Compliance with the requirements of the Listing Rules and legal requirements on financial reporting;

(8) for the purposes of the preceding Paragraph (7), members of the Committee shall liaise with the Board and senior managers. The Committee shall meet with the auditor of the Bank at least twice a year. The Committee shall consider any material or unusual matters reflected or required to be reflected in such reports and accounts; and shall give due consideration to any matter raised by the Bank's accounting and financial reporting staff, the Inspector General or the auditor;

(9) to review the Bank's financial control and discuss the risk management and internal control systems with the management to ensure that the management has fulfilled its duties to establish effective systems. The discussion shall cover the adequacy of the Bank's accounting and financial reporting functions resources, staff's qualifications and experiences, as well as the adequacy of staff training programs and relevant budgets;

(10) to study, on its own initiative or as appointed by the Board, important findings on matters relating to risk management and internal control and the management's response to such findings;

(11) to ensure that the work of the internal and external auditors is coordinated; and that the internal audit function is adequately resourced and properly positioned within the Bank, and that its performance is reviewed and monitored;

(12) to inspect the finances of the Bank, and to review financial and accounting policies and practices of the Bank (including its branches and sub-branches);

(13) to examine the external auditor's *Letter of Statement on the Audit* to the management, any major questions raised by the auditor in connection with accounting records, financial accounts, or the control system, and the management's response;

(14) to ensure that the Board provides a timely response on matters raised in the external auditor's *Letter of Statement on the Audit* to the management;

(15) to report to the Board on matters set out in the provisions of the Code in Appendix C1 of the Listing Rules;

(16) to study other subjects defined by the Board;

(17) to review the arrangements put in place by the Bank whereby employees of the Bank may secretly raise concerns about possible irregularities in financial reporting, internal control or other aspects. The Committee shall ensure that appropriate arrangements are in place for the Bank to conduct impartial and independent investigations and take appropriate actions in connection with such matters;

(18) to act as the principal representative between the Bank and the external auditor and monitor the relationship between the two parties;

(19) to supervise the performance of duties by directors and senior managers, and to propose recommendations for the dismissal of directors and senior managers who violate laws, administrative regulations, the Articles of Association or resolutions of the shareholders' meeting;

(20) to require directors and senior managers to rectify their actions when such actions harm the interests of the Bank;

(21) to initiate legal proceedings against directors and senior managers who violate the provisions of laws, administrative regulations or the Articles of Association in the performance of their duties and cause losses to the Bank in accordance with the law;

(22) to propose the convening of extraordinary shareholders' meetings, and to convene and preside over shareholders' meetings when the Board fails to perform its duties of convening and presiding over shareholders' meetings as prescribed by the Company Law;

(23) to submit proposals to the shareholders' meetings;

(24) other duties prescribed by laws, administrative regulations, regulatory systems, the Listing Rules, the Articles of Association and these Terms of Reference, and other matters authorised by the shareholders' meeting and the Board.

When the Committee performs the above duties, if the following matters are involved, they shall be submitted to the Board for consideration after being approved by more than half of all members of the Committee:

(1) appointment and dismissal of the accounting firm that undertakes the audit business of the Bank;

(2) appointment and dismissal of the person in charge of finance;

(3) disclosure of financial and accounting reports;

(4) other matters stipulated by the securities regulatory authority under the State Council.

Article 12 The Committee may submit matters for consideration to the Board for consideration and decision. The Committee shall provide the Board with information about all studies and discussions in the form of reports, suggestions and recommendations, and summaries to the Board for study and decision.

Article 13 The Committee shall have the right to, within the scope of its duties, require the Bank's senior managers to fully support the works of the Committee and reply to the questions proposed by the Committee.

Article 14 Senior managers shall support the works of the Committee, so as to provide the Committee with the information necessary for performing its duties with respect to risk management, operations and external conditions of the Bank. Senior managers shall ensure that the information provided for the Committee is accurate and complete, and the information form and quality shall be adequate enough for the Committee to make decisions while having relevant materials. Meanwhile, relevant departments of the Bank shall actively support the works of the Committee.

Article 15 The Committee shall have the right, on its own initiative or as appointed by the Board, to investigate or review the implementation of the Bank's internal control, financial information, internal audit, etc., and the investigation or review methods shall include, but not limited to, attending the Bank's relevant meetings without voting rights and conducting investigations and studies within system of the Bank, requiring Bank's senior managers or relevant responsible persons to make verbal or written explanations or descriptions to the Committee within the prescribed period.

The Committee shall study the existing problems and the replies made by senior managers or relevant responsible persons, and shall report the investigation or review results to the Board and propose suggestions for improvement.

Article 16 If necessary, the Committee can appoint external experts or intermediaries to provide professional consultancy service, and the arising reasonable expenses approved by the Board shall be paid by the Bank.

Chapter IV Terms of Reference

Article 17 Meetings of the Committee include regular meetings and provisional meetings.

Article 18 Regular meeting of the Committee shall be held at least four times every year, and a notice shall be served by the head of the Committee to all the members before a meeting is convened. The meeting shall be presided over by the head.

Article 19 In any of the following circumstances, the head of the Committee shall convene provisional meeting within three workdays after the occurrence of the said circumstances:

(1) required by the Board;

(2) required by the chairman;

(3) proposed by the head of the Bank;

(4) proposed by the head of the Committee;

(5) proposed by more than two members of the Committee.

Written explanation shall be given if provisional meeting cannot be convened on time.

Article 20 Notices of meetings of the Committee can be served through methods like letter, fax or email.

Article 21 Notices of meetings of the Committee shall include:

(1) venue, date, time and convening method of meeting;

(2) agenda, matters to be discussed and relevant detailed materials of meeting;

(3) date on which the notice is sent.

Article 22 Members of the Committee shall attend the Committee's meetings in person. If any member cannot attend the meetings for any reason, he may issue a written power of attorney to authorize another member to attend on behalf thereof, which power of attorney shall specify the name of the proxy, the matters to be handled in proxy, range authorized and validity period, and shall bear the signature or seal of the principal.

Save otherwise specified by laws, regulations, the Articles of Association or binding agreements of the Bank, a member shall not authorize other persons who are not members of the Committee to attend the meeting on his/her behalf.

The Committee can, based on actual needs, invite other persons who are not members of the Committee to attend the meeting of the Committee without voting rights.

Article 23 A meeting of the Committee shall be attended by more than half of the members. Each member shall have a vote.

Article 24 Meetings of the Committee can be convened by methods like on-site meeting (including video meeting), telephone meeting or with similar communication devices. If members attend the on-site meeting through telephone or with similar communication devices, all of them shall be deemed as having attended the meeting in person as long as the members on the site of meeting can hear their voice clearly and communicate with them. Voice recording or video recording shall be conducted if there are members who attend the meeting through telephone or video device.

Article 25 Voting at the meetings of the Committee may be conducted by a show of hands or poll. If a director attends the meeting of the Committee through video device, telephone or similar communication device, his/her verbal voting made through video device or telephone or with similar communication device at the time of showing hands to vote shall be deemed as valid, and such a director shall affix the written signature and express the original vote to the Bank as soon as possible after the meeting. The verbal voting shall have the same effect as the written signatures, provided that there is no discrepancy between the opinions expressed by such director in completing the written signatures and the opinions orally expressed by him during the meeting. The verbal voting shall prevail if there is discrepancy between the written signature and verbal voting.

Article 26 On the condition of ensuring that members can fully express their opinions, the meetings of the Committee can be convened by way of circulation of written resolution for signing instead of on-site meeting. The matters by circulation of written resolution shall be served to each member of the Committee through one of methods like service by special person, mail, telegraph, fax, email with PDF appendix. Members of the Committee shall express opinions and reply to the office of the Board of the Bank within three workdays after being informed of the matters to be considered. The office of the Board shall report the summarised voting result to the head of the Committee. Afterwards, the said members shall mail the original of voting table to the Bank. Members who fail to express opinions within the prescribed period shall be deemed as abstention. Members shall vote prudently, and shall not revoke the vote for matters considered once it has been made.

Article 27 Resolutions made by the Committee shall be passed by more than half of all the members. In the event of an equality of votes, the head shall be entitled to an additional vote.

Article 28 The convening procedure, voting method of the meeting of the Committee and the matters passed at the meeting shall comply with relevant laws, regulations, the Listing Rules, the Articles of Association and these Terms of Reference.

Article 29 When the members of the Committee are related to or interested in the matters under consideration, the system of avoidance of voting shall be implemented, and the specific rules on avoidance of voting and the voting procedure are given in the *Terms of Reference of the Related Party (Connected) Transactions Control Committee under the Board* of the Bank.

Article 30 Every on-site meeting of the Committee shall have minutes recorded, and special staff shall be designated as recorder. The written minutes shall be submitted to the members attending the meeting for review and confirmation within three workdays after meeting. Minutes of a meeting shall be signed by the members present at the meeting and the recorder after the minutes have been finalized. Minutes of a meeting shall be kept on record by the secretary of the meeting duly appointed by the Bank, and shall be submitted to the archives management center by the office of the Board for permanent preservation as the Bank's archives in accordance with the *Basic Archives Management System* of the Bank. The draft and final versions of minutes of a meeting shall be successively circulated to all members of the Committee within a reasonable period of time after the meeting. The draft shall be sent to the members for their comments, and the final version for their records.

Article 31 Matters approved by committee meetings but subject to consideration by the Board and the voting results thereon shall be reported in writing to the Board upon signature by the head.

Article 32 In case that the resolutions passed by the meeting of the Committee needing to be handled by the Bank's senior managers or other relevant responsible persons after the authorization or approval of the Board, the office of the Board shall, after signing by the head of the Committee, inform the relevant senior managers or other relevant responsible persons in writing of the said resolutions as soon as possible. The Committee shall have the right to, within the period prescribed by it or at next meeting, require the aforesaid persons to report the handling of relevant matters to it.

Article 33 All the members attending the meeting of the Committee shall keep all the matters discussed at the meeting secret, and shall not disclose relevant information privately. In case of violation of confidentiality obligation, the relevant persons shall assume legal responsibilities according to laws and regulations and other rules, the Articles of Association and relevant confidentiality agreement.

Chapter V Coordination and Communication

Article 34 In case of the Committee's significant or special matters requiring the consideration of the Board during the adjournment, the Committee can submit written report to the Board through the office of the Board, and can suggest the chairman convening Board meeting for discussion.

Article 35 The head of the Committee or a member authorized by the head of the Committee may report the works of the Committee or handling of a certain special issue since last regular Board meeting to the Board.

Article 36 The written report submitted to the Board by the Committee shall be signed and released by the head of the Committee or the member authorized by the head of the Committee, and shall be submitted to the Board through the office of the Board.

Article 37 Any written report submitted by senior managers to the Committee shall be signed and released by the head of the Bank or senior managers authorized by the head of the Bank and responsible of relevant matters, and shall be submitted to the Committee through the office of the Board, which shall record it.

Chapter VI Supplementary Provisions

Article 38 Save otherwise specified, the terms used in these Terms of Reference shall have the same meanings as identical terms in the Articles of Association.

Article 39 For the purpose of these Terms of Reference, the terms like "above", "at least" and "not less than" are inclusive, unless otherwise specified herein.

Article 40 These Terms of Reference shall be formulated and amended by the Board, and shall take effect and operate starting from the date on which they were considered and approved by the Board. Commencing from the date on which these Terms of Reference take effect, the original Terms of Reference of the Audit Committee under the Board of the Bank shall lose effect automatically.

Article 41 The matters not covered in these Terms of Reference shall be handled according to relevant national laws, regulations, the Listing Rules and Articles of Association; in case of any discrepancy between these Terms of Reference and national laws, regulations and the Listing Rules released in the future, and the Articles of Association that have been modified according to legal procedures, these Terms of Reference shall be amended according to the national laws, regulations, the Listing Rules and Articles of Association and submitted to the Board for consideration.

Article 42 These Terms of Reference shall be subject to the interpretation of the Board of the Bank.