



**江西銅業股份有限公司**  
**JIANGXI COPPER COMPANY LIMITED**

*(a Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)*

(Stock Code: 0358)

**TERMS OF REFERENCE FOR THE INDEPENDENT AUDIT COMMITTEE  
(THE AUDIT COMMITTEE) OF THE BOARD  
(AMENDED ON 18 JANUARY 2019)**

**CHAPTER 1 GENERAL PROVISIONS**

**Article 1** In order to strengthen the supervisory function of the Independent Audit Committee (the Audit Committee) of the board of directors (the “**Board**”) of Jiangxi Copper Company Limited (the “**Company**”) and to ensure that the members of the Independent Audit Committee (the Audit Committee) can perform their duties diligently and faithfully, the Company has formulated these terms of reference in accordance with the relevant laws and regulations including the China Securities Regulatory Commission and the listing rules of the stock exchanges where the shares of the Company are listed from time to time, the Guidance for Operation of Audit Committee under the Board of Directors of Listed Companies of the Shanghai Stock Exchange, and the Articles of Association of Jiangxi Copper Company Limited and other relevant provisions.

**Article 2** The Independent Audit Committee (the Audit Committee) is a special committee under the board of directors and shall consist of not less than three members, all of which shall be appointed among the independent non-executive directors of the Board and all members shall have professional knowledge and business experience competent for the performance of the duties of the Independent Audit Committee (the Audit Committee). Among which, at least one of the members is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Independent Audit Committee (the Audit Committee) shall be accountable to the Board, and be responsible for reviewing and monitoring the procedures of financial report preparation and internal control of the Company.

**Article 3** A former partner of the Company's existing auditing firm should be prohibited from acting as a member of the Independent Audit Committee (the Audit Committee) for a period of 2 years from the date of the person's ceasing (whichever is later):

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

**Article 4** The chairman of the Independent Audit Committee (the Audit Committee) shall be appointed by the Board. The chairman of the Independent Audit Committee (the Audit Committee) or, in his absence, another member of the Independent Audit Committee (the Audit Committee), or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions at the annual general meeting about the Independent Audit Committee's (the Audit Committee's) activities and their responsibilities. The Independent Audit Committee (the Audit Committee) shall have one convener, who shall be responsible for chairing the Committee. The convener shall have professional experience related to accounting or financial management. The chairman and the convener of the Independent Audit Committee (the Audit Committee) can be the same independent non-executive director.

**Article 5** The Secretary Office of the Board is the liaison body of the Independent Audit Committee (the Audit Committee) of the Board, which is responsible for arrangement of meetings of the Independent Audit Committee (the Audit Committee); to communicate and coordinate with external auditors and to report to the Independent Audit Committee (the Audit Committee) of the work progress.

## **CHAPTER 2 PERFORMANCE OF WORK DUTIES OF INDEPENDENT AUDIT COMMITTEE (AUDIT COMMITTEE)**

**Article 6** The Independent Audit Committee (the Audit Committee) is authorised by the Board to investigate activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Independent Audit Committee (the Audit Committee).

**Article 7** The manner of performance of the duties of the Independent Audit Committee (the Audit Committee) is to form opinions through resolutions at regular and interim meetings, and review of financial and relevant information. Engagement of intermediaries to carry out its required investigations and to provide professional advice can be made if necessary.

**Article 8** The duties of the Independent Audit Committee (the Audit Committee)

- (1) To examine the internal auditing schedule of the Company for the year;
- (2) To monitor the internal auditing system of the Company and its implementation; to review the financial information of the Company, its disclosures and the interim and annual financial statements prior to the submission to the Board;
- (3) To monitor the appointment and removal of the person-in-charge of the Company's internal auditing department and provide relevant advice;

- (4) To review and monitor the external auditor's professionalism, independence and objectivity of the audit process in accordance with applicable standards, in particular, the impact on their independence imposed by the non-audit services provided by the external auditors and the effectiveness of the audit procedures. The Independent Audit Committee (the Audit Committee) should discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences. Where the Board disagrees with the Independent Audit Committee's (the Audit Committee)'s view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the Corporate Governance Report a statement from the Independent Audit Committee (the Audit Committee) explaining its recommendation and also the reason(s) why the Board has taken a different view;
- (5) To develop and implement policy on the engagement of an external auditor to provide non-audit services;
- (6) To be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and handling all matters regarding its resignation or dismissal;
- (7) To act as the key representative body for overseeing the Company's relations with the external auditor;
- (8) To monitor integrity of the Company's financial statements and annual reports and accounts, interim reports and quarterly reports, and to review significant financial reporting judgments contained in them. The members of the Independent Audit Committee (the Audit Committee) shall liaise with the Board, senior management and the qualified accountant of the Company. The Independent Audit Committee (the Audit Committee) shall, at least once a year, convene two separate communication meetings with external auditors of the Company and internal auditors (if any) without the participation of the management. The secretary to the Board may attend the meeting. The Independent Audit Committee (the Audit Committee) should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officers or auditors;

- (9) To review the Company's financial reporting, financial controls, internal control and risk management systems, and examine the Company's internal control system;
- (10) To discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective risk management and internal control systems; such discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (11) To study major investigation findings on risk management and internal control matters, and management's response to these findings on its own initiative or as delegated by the Board;
- (12) Responsible for the communication between internal auditors and external auditors to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of internal auditing functions;
- (13) To review the Company's financial and accounting policies and practices;
- (14) To review the "audit findings" and "recommendations to the management" provided by the external auditor to the management, any material queries raised by the auditor to the management and the management's response concerning the accounting records, financial accounts or controlling systems;
- (15) To ensure a timely response from the Board to the issues raised in the "audit findings" and "recommendations to the management" provided by external auditors;
- (16) To report to the Board on the matters set out in the Code on Corporate Governance Practices in Appendix 14 to the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited";
- (17) To supervise and evaluate whether the external auditors have exercised all due diligence and care while performing their duties;

- (18) To guide internal audit work;
- (19) To review the following arrangements set by the Company: employees of the Company can, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters; the Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (20) To review the financial reports of the Company and express their opinions thereon;
- (21) To handle other matters authorised by the Board and other matters involved in the relevant laws and regulations; and
- (22) To study other topics, as defined by the Board.

**Article 9** The Independent Audit Committee (the Audit Committee) shall form a resolution on the annual financial statements of the previous year on a yearly basis, and submit the resolution to the Board for review; meanwhile, the Committee shall also submit to the Board a summary report on the audit work of the Company accomplished by the external auditors in the previous year and its resolution on the renewal or replacement of auditor for the year.

**Article 10** The Independent Audit Committee (the Audit Committee) shall vote on the resolution on the audited or reviewed interim financial statements in accordance with the laws, and submit the resolution to the Board for review.

**Article 11** The Independent Audit Committee (the Audit Committee) shall negotiate and confirm the audit plan on annual financial report, audit work schedule and arrangements for the audit staffing with the external auditors of the Company.

**Article 12** The Independent Audit Committee (the Audit Committee) shall supervise the external auditors to submit the first draft, finalized version and its electronic version of the audit (including review) reports within the agreed time frame, and shall record the method, frequency and result of supervision in the form of written comments, with signature of the related person in charge for confirmation.

**Article 13** The Independent Audit Committee (the Audit Committee) shall, before the external auditors are engaged to audit the annual report of the Company, review the financial and accounting statements and financial accounts prepared by the Company, and review material matters in relation to financial reporting as set out in the statements and reports by way of interim meetings or circulation of information and form their opinions in writing.

**Article 14** The Independent Audit Committee (the Audit Committee) shall review and monitor the work of the internal audit department of the Company, and review various audit reports and the plan and status of rectification on the problems identified which are submitted by the internal audit department to the management.

**Article 15** The duties of the Independent Audit Committee (the Audit Committee) to review the financial reports of the Company and to give opinions thereon shall include at least the following aspects:

- (1) to review the financial reports of the Company and give opinions on the truthfulness, completeness and accuracy of the financial reports;
- (2) to focus on significant accounting and audit matters of the financial reports of listed companies, including adjustments to material accounting errors, changes in significant accounting policies and estimates, issues involving significant accounting judgments, and matters resulting in non-standard unqualified audit reports;
- (3) to pay special attention to the possibilities of fraud, corrupt practice and material misstatements relating to financial reports;
- (4) to supervise the rectification of financial reporting matters.

**Article 16** In reviewing these reports before submission to the Board, the Independent Audit Committee (the Audit Committee) should focus particularly on:

- (1) any changes in accounting policies and practices;
- (2) major judgmental areas;
- (3) significant adjustments resulting from audit;
- (4) the going concern assumptions and any qualifications;
- (5) compliance with accounting standards; and
- (6) compliance with the listing rules of the stock exchanges of and legal requirements of the places where the shares of the Company are listed, in relation to financial reporting.

**Article 17** Regarding Article 16 above:

- (1) members of the Independent Audit Committee (the Audit Committee) should liaise with the Board and senior management and the Independent Audit Committee (the Audit Committee) shall meet, at least twice a year, with the Company's auditors; and
- (2) the Independent Audit Committee (the Audit Committee) should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors.

**Article 18** The Independent Audit Committee (the Audit Committee) shall evaluate the effectiveness of internal control and relevant duties shall include at least the following aspects:

- (1) to evaluate the adequacy of the internal control system of the Company;
- (2) to review the self-evaluation reports on internal control;
- (3) to review the internal control audit reports issued by external auditors, as well as the matters and improvement measures formulated after communication with the external auditors; and
- (4) to evaluate the internal control assessment and audit results, and supervise the rectification of deficiencies in internal control.

**Article 19** The Independent Audit Committee (the Audit Committee) shall, after the annual external auditors commence their auditing assignment, maintain the communication with the external auditors. After the preliminary audit opinion is issued by the external auditors, the Committee shall review again the financial statements of the Company by way of interim meetings or circulation of information, review and monitor whether the external auditors are independent and objective and whether the audit procedures are effective in accordance with applicable standards, and form their opinions in writing.

**Article 20** If there is provision of non-auditing services to the Company by the external auditors, the Independent Audit Committee (the Audit Committee) shall discuss with the external auditors on the nature and scope of the non-auditing services and relevant obligations, work schedule and arrangements on staffing with the external auditors of the Company prior to the commencement of the non-auditing services.

**Article 21** The Independent Audit Committee (the Audit Committee) shall report to the Board the measures that must be adopted or improvements as it thinks fit, and put forward relevant advices. Resolutions and voting results passed by the Independent Audit Committee (the Audit Committee) shall be reported to the Board in writing.

### **CHAPTER 3 MEETINGS OF INDEPENDENT AUDIT COMMITTEE (AUDIT COMMITTEE)**

**Article 22** Unless otherwise agreed by all the members of the Independent Audit Committee (the Audit Committee), a meeting of the Independent Audit Committee (the Audit Committee) shall be convened by at least fourteen (14) days' notice. A member may and, on the request of a member, the secretary shall, at any time summon a meeting. Notice shall be given to each member, at least fourteen (14) days before the date of the meeting, orally in person or in writing or by telephone or by telex or telegram or facsimile transmission at the telephone number or facsimile number or address from time to time notified to the secretary by such member or in such other means as the members may from time to time determine. Any notice given orally shall be confirmed in writing. Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members at the meeting.

**Article 23** Meetings of the Independent Audit Committee (the Audit Committee) comprise regular meetings and interim meetings, which shall be convened and chaired by the convener of the Independent Audit Committee (the Audit Committee).

When the convener of the Independent Audit Committee (the Audit Committee) fails or refuses to perform the duties, a member shall be designated to perform the duties instead.

**Article 24** The Independent Audit Committee (the Audit Committee) shall convene regular meetings at least four times a year.

The Independent Audit Committee (the Audit Committee) may also convene interim meetings when needed. An interim meeting may be convened when it is required by two or more members of the Independent Audit Committee (the Audit Committee) or the convener of the Independent Audit Committee (the Audit Committee) deems it necessary.

**Article 25** The meetings of the Independent Audit Committee (the Audit Committee) shall be convened only with the presence of not less than two thirds of the members.

- Article 26** Review opinions put forward by the Independent Audit Committee (the Audit Committee) to the Board shall be passed by a majority of all members. In the event of the avoidance of the members of the Independent Audit Committee (the Audit Committee), to the effect that review opinions proposed in the meeting cannot be effectively formed, the Board shall directly proceed to review the related matters.
- Article 27** The members of the Independent Audit Committee (the Audit Committee) shall attend meetings in person, and give definite opinions on the issues to be reviewed. When a member of the Committee fails to attend the meeting, he/she may submit the authorisation letter signed by him/her to entrust another member to attend the meeting and give opinions on his/her behalf. The authorisation letter shall clearly specify the scope and period of authorisation. Each member can accept the entrustment of a maximum of one member.
- Article 28** The Independent Audit Committee (the Audit Committee) may invite the representatives of external auditors, supervisors of the Company, internal audit officers, financial officers, legal advisers and other relevant personnel to attend the meetings of the Committee and to provide necessary information when it deems necessary.
- Article 29** The company secretary shall be the secretary of the Independent Audit Committee (the Audit Committee). If the secretary of the Independent Audit Committee (the Audit Committee) is not able to attend the meeting, his/her representative or any one member of the Independent Audit Committee (the Audit Committee) will be the secretary of the meeting of the Independent Audit Committee (the Audit Committee).
- Article 30** Minutes shall be prepared for the meetings of the Independent Audit Committee (the Audit Committee). Members of the Committee and related personnel who attend the meetings shall sign their names on the minutes. Full minutes of Independent Audit Committee (the Audit Committee) meetings should be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of the minutes of the Independent Audit Committee (the Audit Committee) meetings should be sent to all Audit Committee members for their comment and records respectively within a reasonable time after the meeting.

- Article 31** A written report shall be lodged with the Board of the Company on the review opinions passed at the meetings of the Independent Audit Committee (the Audit Committee). The secretary or his/her representative shall circulate the minutes of meetings and reports of the Independent Audit Committee (the Audit Committee) to all members of the Board.
- Article 32** All members present at the meeting are obligated to keep confidentiality of the matters considered at the meeting, and shall not leak the relevant information without authorisation.
- Article 33** Any member of the Independent Audit Committee (the Audit Committee) who has the interest in any agenda item shall withdraw from the meeting.
- Article 34** Resolutions of the Independent Audit Committee (the Audit Committee) at any meeting shall be passed by a majority of votes of members if more than two members are present and by a unanimous vote if only two members are present.
- Article 35** The procedures for convening meetings, the method of voting and resolutions passed at the meetings of the Independent Audit Committee (the Audit Committee) shall comply with relevant laws and regulations as well as the Company's Articles of Association and these terms of reference.

#### **CHAPTER 4 SUPPLEMENTARY PROVISIONS**

- Article 36** These terms of reference should be posted on the websites of the Company and the stock exchange where the shares of the Company are listed, and will be made available upon request.
- Article 37** These terms of reference shall come into effect on the date of the consideration and approval by the Board.

- Article 38** Any matters not provided for in these terms of reference shall be executed in accordance with relevant state laws and regulations and the Company's Articles of Association. If these terms of reference conflict with any laws or regulations subsequently promulgated by the state or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant state laws and regulations and the Company's Articles of Association shall prevail, and these terms of reference shall be amended immediately and submitted to the Board for review and approval.
- Article 39** For the purposes of these terms of reference, the terms "not less than", "within", "not more than" are all inclusive terms while "exceeding", "not exceeding", "excluding", "less than" and "more than" are exclusive terms.
- Article 40** These terms of reference shall be interpreted by the Board.