

JIANGXI BANK CO., LTD.

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

Chapter 1 General Provisions

Article 1 To improve the functions of the Board of Jiangxi Bank Co., Ltd. (hereinafter referred to as the “Bank”), enhance internal control mechanism and strengthen the Board’s supervision and examination on the Bank’s operational and management activities, and have the Board make decisions in a more scientific and accurate manner, the Bank hereby establishes the Audit Committee of the Board and formulates these Working Rules in accordance with the Company Law of the People’s Republic of China, Commercial Banking Law of the People’s Republic of China, Guidelines on the Corporate Governance of Commercial Banks, Guidelines on Internal Audit of Commercial Banks, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), Articles of Association of Jiangxi Bank Co., Ltd. (hereinafter referred to as the “Articles of the Bank”), Rules of Procedure for Board Meetings of Jiangxi Bank Co., Ltd. and other relevant provisions.

Article 2 The Audit Committee of the Board of Directors is a special working agency established by the Board according to the Articles of the Bank, which is primarily responsible for examining the risk and compliance conditions, accounting policies, financial reporting procedures and financial condition of the Bank, and responsible for conducting the annual auditing work of the Bank, advising the Bank on employment or replacement of an external audit institution, preparing a report on its judgment regarding the authenticity, accuracy, integrity and timeliness of information in the audited financial reports, submitting such reports to the Board for deliberation, and performing other duties to be performed by the Audit Committee as specified in the Hong Kong Listing Rules.

The Audit Committee sets a working group which works together with the Bank’s Audit Department. The bank leader in charge of audit business serves as the group leader, and other group members are officers in charge of relevant departments including the Audit Department and responsible for coordinating work with the Committee.

Chapter 2 Composition

Article 3 The Audit Committee shall comprise more than three non-executive directors, the majority of whom shall be independent directors. Members shall be nominated by the chairman of the Board and elected by the Board.

Members of the Audit Committee shall have professional knowledge and working experience in relation to finance, audit and accounting, and at least one of them shall be an independent director having appropriate professional qualifications specified in the Hong Kong Listing Rules or accounting or related financial management expertise.

The former partner of the incumbent auditing firm of the Bank shall not serve as a member of the Audit Committee within one year starting from the following dates, whichever is the later.

- (1) the date on which he/she ceases to be a partner of the auditing firm;
- (2) the date on which he/she is no longer entitled to any financial interests in the auditing firm.

Article 4 The Audit Committee shall have one chairman (officer in charge) acted by an independent director, who shall be elected by a simple majority of the members of the Audit Committee.

The duties of the chairman of the Committee shall include:

- (I) to preside over the Committee's work and ensure the Committee to work efficiently and discharge its duty;
- (II) to convene and preside over the Committee meeting and determine the agenda for each Committee meeting in accordance with these Working Rules;
- (III) to ensure the Committee meeting can discuss appropriate matters in a prompt manner and make clear conclusion for each subject matter;
- (IV) to attend the annual general meeting upon invitation to answer the questions of shareholders. If the chairman of the Committee fails to attend the meeting, another member of the Audit Committee shall be delegated by the chairman of the Board to attend the meeting; should the member still fail to attend the meeting, an appropriate representative shall be appointed to attend the meeting.

When the chairman of the Committee is unable to perform his/her duties, he/she shall appoint and delegate his/her duty to another member of the Committee.

The chairman of the Committee shall work for no less than 25 workdays at the Bank every year.

Article 5 The term of office of the members of the Audit Committee coincides with that of the directors and members of the Committee may serve consecutive terms if re-elected upon expiration of their terms. If during the term of office any member of the Committee ceases to be a director of the Bank or any member who should be an independent director no longer possesses such qualifications as required by relevant laws and regulations, Hong Kong Listing Rules or the Articles of the Bank, he/she shall automatically be disqualified as a member, and the Board shall fill the vacancy in accordance with Articles 3 and 4 above.

Chapter 3 Responsibilities and Authorization

Article 6 The Audit Committee of the Bank shall be accountable to the Board of Directors and shall perform the following duties upon authorization of the Board of Directors:

- (I) Guide and supervise the internal audit work of the Bank;
 - 1. Supervise and review the Bank's internal audit charter and other important rules relating to internal audit and advise the Board of Directors on the building of the Bank's internal audit system;
 - 2. Propose to the Board of Directors to appoint or dismiss the chief auditor of the Bank/officer in charge of the Audit Department;
 - 3. Evaluate and examine the work of the chief auditor and the Audit Department;

4. Work out annual work plans for the Audit Committee and convene meetings on a regular basis;
5. Examine the medium to long-term internal audit plans and annual audit plans;
6. Examine the annual budgets for internal audit;
7. Examine various important reports on internal audit of the Bank:
 - (1) examine reports on comprehensive audit work;
 - (2) examine special audit reports on information technology risk management;
 - (3) examine special audit reports on performance evaluation and remuneration mechanism and implementation thereof;
 - (4) examine special audit reports on implementation of procedures for capital adequacy ratio management and internal capital adequacy assessment;
 - (5) examine special audit reports on consolidated statements management;
 - (6) other important reports.
8. Supervise rectification of significant problems found in internal and external audits;
9. Examine the outsourcing solutions of internal audit and results of outsourced projects;
10. Coordinate internal and external audit work, ensure the internal audit function is adequately resourced and has appropriate standing within the Bank, and review and monitor the effectiveness of the internal audit function.

(II) Review the Bank's risk and compliance conditions and financial reports

1. Review the Bank's risk and compliance conditions, accounting policies, financial condition, financial reporting procedures and financial monitoring;
2. Review the Bank's financial reports, make judgments on the authenticity, accuracy, integrity and timeliness of the financial reports, be responsible for annual audit work and integrity of annual reports, semi-annual reports and quarterly reports of the Bank, review significant opinions on financial reporting recorded in the financial reports and submit them to the Board of Directors for deliberation. Before submitting relevant financial reports to the Board of Directors, the Committee shall particularly focus on reviewing the following matters:
 - (1) any changes in accounting policies and practices;
 - (2) areas involving major judgments;

- (3) significant adjustments resulting from audit;
- (4) going concern assumptions and any qualifications;
- (5) compliance with accounting standards;
- (6) compliance with regulatory rules and laws of the place where the shares of the Bank are listed in relation to financial reporting;

Members of the Committee shall maintain contact with the Board of Directors and senior management and meet at least twice annually with the external auditor of the Bank.

The Committee shall consider any significant or unusual items that are, or may need to be, reflected in the said financial reports and give due consideration to any matters that have been raised by officers in charge and staff of relevant departments of the Bank including accounting, financial and audit departments or the external audit institution;

3. Review the Bank's financial and accounting policies and practices;

(III) Monitor and evaluate the Bank's internal control

1. Review the Bank's internal control system and supervise implementation thereof to ensure sufficient and effective internal control of the Bank;
2. Discuss the internal control system with the senior management to ensure the senior management has established an effective internal control system. The discussion shall include the adequacy of resources, staff qualification and experience, training programmes and budget of the Bank's accounting, internal control and financial reporting functions;
3. Study major investigation findings on internal control matters as authorized by the Board of Directors or on its own initiative and the senior management's responses to these findings;

(IV) Supervise and evaluate the external audit institution

1. Make recommendations to the Board of Directors on appointment, dismissal or non-reappointment of external accountants, approve the remuneration and appointment terms for external accountants, deal with any problems relating to resignation or dismissal of external accountants, prepare a report on its judgment regarding the authenticity, integrity and accuracy of information in the audited financial reports and information disclosed of the Bank and submit the report to the Board of Directors for deliberation;

2. Review and monitor whether the external auditor is independent and objective and whether the audit process is effective; discuss with the external auditor on the nature and scope of audit and relevant reporting obligations before the audit commences; and coordinate and evaluate the external audit work of the accounting firm engaged by the Bank;
 3. Formulate the policy on engaging an external auditor to supply non-audit services and supervise the implementation thereof. The Audit Committee shall report and make recommendations to the Board of Directors on any matters where actions or improvements are needed;
 4. Act as the key representative body of the Bank for overseeing the Bank's relations with its external auditor;
 5. Review the external auditor's letter to the senior management, any material queries raised by the external auditor to the senior management about accounting records, financial accounts or control systems and the senior management's responses; ensuring that the Board of Directors will provide a timely response to the issues raised in the external auditor's letter to the senior management;
- (V) Review the following arrangements of the Bank: raise confidentially concerns over possible improprieties by the employees of the Bank in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions by the Bank;
- (VI) Report to the Board of Directors on the matters relating to the provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Hong Kong Listing Rules; and
- (VII) Other matters authorized by the Board of Directors and specified by laws, regulations, rules, normative documents, regulatory rules of the place where the shares of the Bank are listed, and the Articles of the Bank.

Chapter 4 Meeting Procedure

Article 7 Convening of meeting

The Audit Committee may convene meetings in accordance with relevant laws and regulations, the Articles of the Bank, the duties of the Board of Directors, and the actual situation and needs of the Bank. The meetings of the Audit Committee are divided into regular meetings and provisional meetings. Regular meetings are convened at least twice a year according to the time of year-end and mid-year financial reports. Provisional meetings are convened upon proposal by the members of the Audit Committee. The meetings shall be convened and presided over by the chairman. When the chairman cannot attend the meeting, he may entrust another member of the Committee to preside over the meeting. The frequency of provisional meetings is not restricted.

Article 8 Way of convening meetings of the Audit Committee

Meetings of the Audit Committee may be held onsite (including video conferencing). If the members of the Committee attend an on-site meeting via telephone or similar communication equipment, all the attending members shall be deemed as having attended the meeting in person as long as they can hear and communicate with one another. When a meeting is convened via telephone or video, the meeting should be recorded or videotaped.

Article 9 Formation of resolutions

The members may individually or jointly propose matters to be discussed at the meeting in writing. The chairman will include relevant matters to be discussed in the agenda of the meeting and the office of the Board of Directors shall prepare materials for the meeting.

The Audit Department is responsible for working with the office of the Board of Directors to make preliminary preparations for the decision-making by the Audit Committee and submitting proposals to the office of the Board of Directors.

The Audit Committee then convenes a meeting based on the final motions and proposals submitted by the office of the Board of Directors. If necessary, the deliberation results shall be submitted to the Board of Directors for approval.

Article 10 Notice of meeting and pre-meeting communications

- (I) The office of the Board of Directors shall notify all members seven days before a regular meeting is convened and three days before a provisional meeting is convened. However, with the consent of all members, the office of the Board of Directors may be exempt from the provision in the preceding paragraph concerning relevant notice deadlines. The notice of the meeting may be sent by personal delivery, fax, registered mail or other methods as stipulated in the Articles of the Bank.
- (II) The notice of the meeting shall specify:
 - 1. The venue, date, time and method of convening the meeting;
 - 2. The agenda and matters to be discussed at the meeting, and detailed information thereof;
 - 3. The date on which the notice is sent.
- (III) After the notice of the meeting is sent and before the meeting is convened, the office of the Board of Directors is responsible for contacting all members of the Committee, obtaining their opinions and suggestions on relevant proposals and promptly convey such opinions and suggestions to the proposer, who should timely improve his proposals based on the said opinions and suggestions.

Article 11 Attendance at the meeting

- (I) The quorum for meetings of the Audit Committee shall be one-half or more of all its members.
- (II) Committee members shall attend meetings with a serious and responsible attitude and clearly express their opinions on the issues discussed. Their attendance shall be included in their performance assessment.
- (III) Committee members shall attend the Committee meetings in person. Where a member cannot attend the meeting for any reason, he/she may entrust another Committee member to attend and express opinions as proxy by providing the letter of authorization bearing his/her signature. The letter of authorization shall specify the scope and duration of authorization. Where an independent director member of the Committee is unable to attend the meetings in person for any reason, he/she shall entrust another independent director member as proxy. A Committee member may not authorize anyone other than a Committee member as proxy unless otherwise provided in the Articles of the Bank, relevant laws and regulations or agreements binding on the Bank.

Article 12 Voting and resolutions of the meeting

- (I) The way of voting on the meeting of the Audit Committee shall be voting by a show of hands or voting by ballot; and the interim meeting can be held by communication voting. Each member shall have one vote and resolutions of the meeting shall be passed by a majority of all members.
- (II) Where any member has any interest in the matters discussed on the meeting, the said member shall abstain from voting.
- (III) If a member attends an onsite meeting of the Committee through telephone, video or similar communication equipment, he/she may vote orally or by fax and e-mail. However, he/she shall sign the written voting document and mail the original to the Bank Office after the meeting as soon as possible. The member's oral vote and subsequently signed written document shall have the same effect, provided that they are consistent. In case of any discrepancy between the two, the oral opinion on the onsite meeting shall prevail.
- (IV) The proposals and voting results adopted at a meeting of the Audit Committee and intended for consideration of the Board shall be submitted to the Board in writing.

Article 13 Minutes of meetings

The Audit Committee shall keep minutes of meeting and minutes takers shall be persons specially designated by the Board Office. Members present at the meeting shall sign the minutes. The drafts and final versions of the minutes shall be delivered to all members of the Committee within a reasonable period after the meeting. The drafts of minutes are for all members' comments and the final minutes are for record. The minutes of meeting shall be kept by the secretary of the Board for at least 10 years.

Article 14 The convening procedures and voting formula of the meetings of the Audit Committee and the proposals adopted at the meetings shall comply with relevant laws, regulations, rules, normative documents, the regulatory rules of the place where the shares of the Bank are listed, the Articles of the Bank and these Working Rules.

Chapter 5 Coordination and Communication

Article 15 The senior management may attend the meeting of the Audit Committee as non-voting participants, and other directors and supervisors of the Bank may also be invited to attend the meeting when necessary.

Article 16 If necessary, the Audit Committee may appoint intermediaries to provide professional advice for its decision-making at the costs and expenses of the Bank.

Article 17 The Audit Committee shall report to the Board, perform its duties in accordance with the authorization and resolutions of the Board, and submit its proposals to the Board for deliberation and decision.

Article 18 Members who have attended any of the meetings are subject to the obligations of confidentiality on all matters considered at the meetings and shall not disclose any of the relevant information without authorization.

Chapter 6 Miscellaneous

Article 19 Unless otherwise specified, the terms used herein shall have the same meanings as those in the Articles of the Bank.

Article 20 These Working Rules shall become effective upon consideration and approval by the Board of Directors and on the date of listing of the H shares of the Bank on the Stock Exchange of Hong Kong Limited by way of public offering.

Article 21 Matters not covered herein shall be implemented in accordance with the relevant laws, regulations and rules of the PRC, normative documents, regulatory rules of the place where the shares of the Bank are listed and the Articles of the Bank. Where these Working Rules conflict with the relevant laws, regulations and rules of the PRC, normative documents, regulatory rules of the place where the shares of the Bank are listed and the Articles of the Bank, the latter shall prevail and these Working Rules shall be revised immediately for approval by the Board.

Article 22 The Board shall reserve the right to interpret these Working Rules.