

Bank of Zhengzhou Co., Ltd.

Terms of Reference of the Audit Committee of the Board of Directors (Revision)

Chapter 1 General Provisions

Article 1 In order to further improve the corporate governance structure of Bank of Zhengzhou Co., Ltd. (the “Bank”), strengthen the scientific decision-making of the Board of Directors, ensure an effective control over the senior management by the Board of Directors and ensure the sustainable, stable and standardized development of the Bank, these Terms of Reference are formulated in accordance with the Company Law of the People’s Republic of China, Guidelines on the Corporate Governance of Commercial Banks, Due Diligence Guidance for the Board of Directors of Joint-stock Commercial Banks (Trial), Guidelines on Internal Audit for Banking Financial Institutions, the Articles of Association of Bank of Zhengzhou Co., Ltd. (the “Articles of the Bank”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as well as other relevant requirements.

Article 2 The Audit Committee is a special committee set up by the Board of Directors of the Bank in accordance with the requirements under the Articles of the Bank, which is mainly responsible for proposing the engagement or replacement of external auditors, supervision on the internal control of the Bank, reviewing the Bank’s financial information and disclosure, inspection, supervision and assessment of the Bank’s internal audit work and making recommendations to the Board of Directors.

Chapter 2 Composition

Article 3 Members of the Audit Committee shall be directors who possess professional knowledge and experience appropriate to the functions and powers of the Audit Committee and the number of members shall be no less than three (3), all of whom shall be non-executive directors and above half of which are independent directors. At least one (1) of the members shall be an independent non-executive director who possesses appropriate professional qualifications provided in laws and regulations or possesses appropriate accounting or relevant financial management expertise.

Article 4 Members of the Audit Committee shall be nominated by the chairman of the Board of Directors and shall be elected by the Board of Directors.

Article 5 A former partner of the Bank's existing external audit firm shall not act as a member of the Audit Committee within two (2) years from the following date (whichever is the later):

- (1) the date of which the former partner ceases to be a partner of the accounting firm;
or
- (2) the date of which the former partner ceases to have any financial interest in the accounting firm.

Article 6 The Audit Committee shall have a chairman who shall be an independent non-executive director and shall be responsible for presiding over the committee's work. The chairman shall be elected by more than half of all committee members and shall be reported to the Board of Directors for approval.

Article 7 The term of office of the Audit Committee shall be the same as that of the Board of Directors. A member may be re-elected and re-appointed upon expiry of his/her term of office. If any member ceases to serve as a director of the Bank during his/her term of office or any member who shall be an independent non-executive director no longer possesses the independence as specified in the Articles of the Bank or the relevant laws, regulations and the Listing Rules, the vacancy shall be filled by the Board of Directors in accordance with the Articles of the Bank and these Terms of Reference. The term of office of the member so appointed shall end upon expiry of the term of office of such member as a director or independent non-executive director.

Article 8 Any member of the Audit Committee may be replaced and dismissed in one (1) of the following circumstances subject to discussion and approval by the Board of Directors:

- (1) the expiry of his/her term of office;
- (2) he/she tenders resignation in writing;
- (3) he/she is involved in gross misconduct or in violation of the laws, regulations, the Articles of the Bank and these Terms of Reference during his/her term of office;
or
- (4) other circumstances in which the Board of Directors considers not suitable to serve as a member.

Article 9 The daily work of the Audit Committee shall be organized and implemented by the internal audit office of the Board of Directors and other relevant departments. The Audit Committee is responsible for providing guidance on the internal audit work.

Chapter 3 Main Functions and Powers

Article 10 The main functions and powers of the Audit Committee are:

- (1) To be responsible for reviewing the Bank's risks and compliance status, internal control management system, accounting policies, basic management system of audit, financial reporting procedures and financial positions; examining the Bank's financial information and its disclosure, including financial statements as well as monitoring the integrity of the Bank's annual report and accounts, interim report and, if prepared for publication, quarterly reports and reviewing statements and material financial reporting judgements contained therein. In this regard, in reviewing the relevant statements and reports before submission to the Board of Directors, the committee shall focus particularly on:
 1. any changes in accounting policies and practices;
 2. areas involving material judgments;
 3. material adjustments resulting from audit;
 4. the going concern assumption and any qualified opinions;
 5. compliance with accounting standards; and
 6. compliance with the Listing Rules and other legal requirements in relation to financial reporting.

With regard to the aforesaid duties, the committee shall liaise with the Board of Directors and senior management personnel, and shall meet, at least twice (2) a year, with the Bank's external auditors. The committee shall also consider any material or unusual items that are, or may need to be reflected in such reports and accounts and shall give due consideration to any matters raised by the Bank's staff responsible for the accounting and financial reporting functions, compliance officer, if any, or external auditors.

- (2) On relationship with external auditors:
 1. To propose to the Board of Directors on engagement, re-engagement or replacement of external auditors, to review expenses and terms of engagement for external auditors and to handle any questions on resignation or dismissal of such external auditors;

2. To review and oversee whether the external auditors are independent and objective and the audit procedures are effective in accordance with appropriate criteria, and discuss with the external auditors on the nature and scope of the audit and reporting obligations before the audit commences;
 3. To formulate and implement policies on the engagement of external auditors to provide non-audit services;
 4. To review the Audit Results Letter presented by external auditors to the management, any material queries raised by auditors to the management in respect of the accounting records, financial accounts or monitoring systems, and the management's response;
 5. To ensure that the Board of Directors will provide a timely response to the issues raised in the Audit Results Letter presented by external auditors to the management; and
 6. To act as the key representative body for overseeing the Bank's relations with external auditors; and to coordinate the communication between the internal audit department and external auditors, and to ensure that internal and external audit work has been coordinated.
- (3) To be responsible for the Bank's annual audit, and overseeing the senior management to rectify the issues raised in the audit and implement the audit recommendations;
- (4) To be responsible for reviewing and approving the Bank's internal audit system and supervising its implementation; reviewing, evaluating and reporting to the Board of Directors on the internal audit on a regular basis; and ensuring that the internal audit department has sufficient resources for operation and proper status; and reviewing and overseeing the results of internal audit;
- (5) Examining the Bank's financial reporting system and internal control system and their implementation:
1. To review and oversee financial control, internal control and risk management systems of the Bank, review relevant rules and regulations and their implementation, and examine and evaluate the compliance and effectiveness of material business activities of the Bank;
 2. To discuss the internal control system with the management and to continuously examine and supervise whether the senior management has performed its duties to have an effective internal control system in place. The discussion shall include the adequacy of resources, qualification and experience of employees, training of employees and the relevant budget, in terms of accounting and financial reporting of the Bank;

3. To oversee and review the construction of the Bank's internal control system, organize self-evaluations of internal control status in the Bank and review the evaluation report on the Bank's internal control;
 4. To ensure the Bank has adequate arrangements for employees to anonymously raise concerns on any irregularities which may occur in the Bank's financial reporting, internal control and other aspects and for the Bank to conduct a fair and independent investigation and take appropriate action on such matters; and
 5. To study the material investigation results of internal control issues and feedback of management on the investigation results proactively or under the instruction of the Board of Directors.
- (6) To study other topics defined by the Board of Directors; and
- (7) Other duties as required by the laws, administrative regulations, departmental rules, regulatory documents, the Listing Rules and the Articles of the Bank and as may be authorized by the Board of Directors.

Article 11 When fulfilling their work duties, the members of the Audit Committee shall act with integrity, self-discipline and dedication and shall safeguard the interests of the Bank, and they shall not abuse their status or powers for personal gain.

Article 12 Unless otherwise stipulated by law or authorized by the Board of Directors, the members of the Audit Committee shall not disclose any information regarding the Bank without authorization.

Article 13 The Audit Committee shall regularly formulate its annual work plan, communicate regularly with the senior management and responsible persons of departments on the Bank's operation as well as make suggestions and recommendations.

Article 14 Before the convening of meetings of the Board of Directors, the Audit Committee shall hold a meeting in advance to consider the resolution of the Board of Directors within the scope of its duties in accordance with these Terms of Reference, and shall provide directors with necessary materials or information through the Secretary to the Board of Directors. Unless authorized by the Board of Directors in accordance with the law, the consideration opinions of the Audit Committee shall not replace the voting results of the Board of Directors.

Article 15 The Audit Committee is entitled to initiate, or to conduct as delegated by the Board of Directors, investigations on the internal control, financial information management, internal audit and other matters of the Bank.

Chapter 4 Procedures and Rules of Meetings

Article 16 A meeting of the Audit Committee shall be convened by the Board of Directors, the chairman or above half of the committee members and shall be presided over by the chairman. If the chairman is unable to attend the meeting, he/she may appoint another member to preside over the meeting on his/her behalf.

Article 17 The Audit Committee shall convene meetings at any time when needs arise, but at least twice (2) every year, and a notice of meeting shall be given to all members three (3) working days prior to that meeting and basic information on audit to be considered by the Audit Committee shall be furnished to each member for review to enable them to have an early understanding.

Article 18 The notice of a meeting shall contain the following contents:

- (1) the date, time and place of the meeting;
- (2) the duration of the meeting;
- (3) the reason for holding the meeting and topics for discussion;
- (4) the date of issuance of the meeting notice; and
- (5) the contact persons of the meeting and their contact information.

The notice of a meeting shall be given by hand, fax, registered mail or e-mail.

Article 19 A meeting of the Audit Committee shall be held only with presence of above half of the members who do not have related party relationship or any material interests. If a member is unable to attend the meeting for a certain reason, he/she shall explain the reason in writing and appoint another member in writing to vote on his/her behalf. The proxy shall include the authorized matters.

If the number of the members present at the meeting of the Audit Committee who do not have related party relationship or any material interests is less than the number as provided in the forgoing paragraph, such proposals shall be submitted to the Board of Directors for consideration.

Article 20 Each member of the Audit Committee shall have one (1) vote. Unless otherwise required under laws, administrative regulations, departmental rules, the Listing Rules or the Articles of the Bank, a resolution of meeting shall be passed by more than half of all members.

Article 21 At a meeting of the Audit Committee, voting shall be made by a show of hands or by a poll and may also be made by correspondence.

Article 22 The Audit Committee shall be accountable to the Board of Directors and may submit proposals to the Board of Directors for consideration and approval.

Article 23 The Audit Committee shall report to the Audit Committee and the Board of Supervisors on a quarterly basis and to the Board of Directors on an annual basis, on the progress of the audit work, and issue notices to the senior management.

Article 24 The Audit Committee shall consider the opinions about audit report put forward by the senior management before discussing the audit report issued by the intermediary on the Bank's operating results for the previous financial year. If the Audit Committee has any objections or questions concerning the audit report, it shall raise such queries with the intermediary and relevant parties. After the Audit Committee has reviewed and approved of the audit report, it shall submit written comments to the Board of Directors for consideration. Expenses incurred in respect of engagement of the intermediary shall be borne by the Bank.

Article 25 Head of the internal audit department shall observe meetings of the Audit Committee.

The Bank's other directors, supervisors, senior management personnel, head of the internal audit department and the representatives of the external auditors may be invited to observe meetings of the Audit Committee when necessary.

Article 26 A meeting of the Audit Committee shall have resolutions, minutes or summary and members present at the meeting shall sign on such resolutions, minutes or summary. Such resolutions, minutes or summary shall be kept by the internal audit office of the Board of Directors and office of the Bank.

Article 27 Resolutions passed at the meeting of the Audit Committee and voting results thereof shall be submitted to and filed with the internal audit office of the Board of Directors in writing.

Article 28 The Audit Committee may engage professionals to give opinions on relevant matters when necessary with expenses to be borne by the Bank, provided that the Bank's trade secrets are not divulged. The Bank shall provide the Audit Committee with sufficient resources to perform its duties.

Article 29 Personnel present and observe at a meeting shall be obligated to keep confidential meeting minutes, materials and matters considered at such meeting, and shall not disclose any relevant information.

Chapter 5 Supplemental Provisions

Article 30 Any matters that are not covered herein or in conflict with laws, administrative regulations, departmental rules, the requirements of securities regulatory authorities in the place where the shares of the Bank are listed, the Listing Rules and the Articles of the Bank issued or modified after these Terms of Reference become effective shall be implemented in accordance with such laws, administrative regulations, departmental rules, the requirements of securities regulatory authorities in the place where the shares of the Bank are listed, the Listing Rules and the Articles of the Bank.

Article 31 These Terms of Reference shall be interpreted and amended by the Board of Directors.

Article 32 These Terms of Reference shall become effective from the date of consideration and approval by the Board of Directors. From the effective date of these Terms of Reference, the original Terms of Reference of the Audit Committee of the Board of Directors of the Bank shall automatically become null and void.