

XIZANG ZHIHUI MINING CO., LTD. *
西藏智匯礦業股份有限公司

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

Chapter I General Provisions

Article 1 For the purpose of enhancing the decision-making function of the Board of Directors of Xizang Zhihui Mining Co., Ltd. (the “Company”), reinforcing the effective supervision of management by the Board of Directors of the Company and improving the corporate governance structure, the Company has established the Audit Committee under the Board of Directors and formulated these terms of reference in accordance with the provisions of the Company Law of the People’s Republic of China (the “Company Law”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and its Appendix C1, other relevant laws, administrative regulations and normative documents, and the Articles of Association of Xizang Zhihui Mining Co., Ltd. (the “Articles of Association”). The provisions of the Company Law, the Articles of Association and the Hong Kong Listing Rules in relation to the obligations of the directors shall apply to the members of the Audit Committee.

Article 2 The Audit Committee of the Board of Directors is a specialized working body established by the Board of Directors in accordance with the resolutions of the general meeting. Its primary duties are to supervise, inspect, and evaluate the Company’s internal control, financial information, and internal audit in accordance with the provisions of the Articles of Association. The internal audit department established by the Company shall be accountable and report to the Audit Committee.

Chapter II Composition

Article 3 The Audit Committee shall be composed of at least three directors, all of whom must be non-executive directors, with the majority being independent non-executive directors. Among the members, at least one independent non-executive director must possess appropriate professional qualifications or suitable expertise in accounting or relevant financial management, as required by the Hong Kong Listing Rules.

Article 4 Members of the Audit Committee shall be nominated by the Chairman, by more than half of the independent non-executive directors, or by one-third of all directors, and shall be elected by the Board of Directors.

A former partner of the external audit firm currently responsible for auditing the Company's accounts may not serve as a Committee member within two years from the later of the following dates:

- (1) The date on which the former partner cease to be a partner of the external audit firm;
- (2) The date on which the former partner ceases to be entitled to any financial interest in the external audit firm.

Article 5 The Audit Committee shall have a convener (chairperson), who shall be an independent non-executive director with accounting expertise and will be responsible for leading the work of the Audit Committee. The convener (chairperson) shall be elected from among the members and approved by the Board of Directors.

Article 6 The primary responsibilities and powers of the convener (chairperson) of the Audit Committee include:

- (1) Presiding over Committee meetings and signing meeting resolutions;
- (2) Proposing the convening of meetings;
- (3) Leading the Committee and ensuring its effective operation and performance of its duties;
- (4) Ensuring that each item discussed by the Committee has a clear and conclusive outcome (including approval, rejection, or requests for supplementary materials);
- (5) Setting the agenda for each Committee meeting;
- (6) Ensuring that all Committee members understand the matters discussed and have access to complete and reliable information;
- (7) Exercising other powers as stipulated by these terms of reference.

Article 7 Committee members serve terms concurrent with those of the directors. Members may be re-elected upon expiration of their terms. Any member who ceases to serve as a Company director or an independent non-executive director shall automatically lose their Committee membership, and the Board of Directors shall fill the vacancy in accordance with these terms of reference.

Article 8 The main duties and authorities of Committee members include:

- (1) Attending Committee meetings on time, expressing opinions on matters discussed, and exercising voting rights;
- (2) Proposing topics for discussion at Committee meetings;
- (3) Attending or observing relevant Company meetings and conducting investigations as needed to obtain required reports, documents, materials, and other related information to fulfill their duties;
- (4) Gaining a thorough understanding of the Committee's responsibilities and its own duties as a member of the Committee, familiarizing themselves with the Company's operations, activities, and developments related to their responsibilities, and ensuring their ability to fulfill their duties;
- (5) Committing sufficient time and effort to fulfill their duties;
- (6) Exercising other powers stipulated by law, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, these terms of reference, and the Board of Directors.

Article 9 The Audit Committee shall establish an Audit Working Group as its administrative office, responsible for day-to-day communication and meeting organization.

Chapter III Duties and Authorities

Article 10 The primary duties and authorities of the Audit Committee are as follows:

(1) Supervising and evaluating external audits

1. Recommending to the Board of Directors the appointment, reappointment, or change of the accounting firm, advising the Board of Directors on remuneration and terms of engagement of the external audit firm, handling any issues related to resignation or dismissal of the audit firm, and supervise the practice of the external audit firm. The Board of Directors may only deliberate relevant proposals for appointing, reappointing or changing an external accounting firm after the Audit Committee has formed an opinion and made a recommendation;
2. Reviewing and monitoring the independence and objectivity of the external audit firm and the effectiveness of the audit process according to applicable standards. The Committee should discuss the audit nature, scope, and reporting responsibilities with the external audit firm before the audit work begins. To ensure the external audit firm's independence, the Committee shall: review relationships between the Company and the audit firm (including non-audit services); request materials annually from the audit firm on policies and procedures for maintaining independence and enforcing relevant rules, including requirements for partner and staff rotation; meet with the external audit firm at least once a year without management present to discuss audit fees, issues arising from audits, and other matters raised by the audit firm;
3. Formulating and implementing policies on the provision of non-audit services by the external audit firm. For this provision, "external audit firm" includes any entity under the same control, ownership, or management as the audit firm responsible for auditing, or any entity reasonably perceived as part of the local or international operations of the audit firm by a third party with reasonable knowledge of all relevant information. When assessing the non-audit services provided by an external audit firm, the Company shall consider the appropriateness of the auditor's qualifications and capabilities, the impact of

the services on the independence and objectivity of the audit firm, the details and fees of the services and the significance of the services to the audit firm, and the remuneration of relevant individuals. The Committee should report to the Board of Directors on actions or improvements it deems necessary;

4. Discussing and communicating with the external audit firm the audit scope, audit plan, audit methods and significant matters identified during the audit; supervising and assessing the diligence of the external audit firm;
5. Acting as the main representative between the Company and the external auditor, being responsible for the communication between the internal audit function and the external audit firm and monitoring their relationship, ensure the coordination between the internal audit function and the external audit firm, ensure that the internal audit function is adequately resourced to operate and has appropriate standing within the Company, and review and monitor its effectiveness; being responsible for communication of material issues arising from internal and external audit.

(2) Guiding internal audit

1. Reviewing the Company's annual internal audit plan;
2. Overseeing the implementation of the internal audit plan;
3. Reviewing internal audit reports, evaluating results, and monitoring rectifications of significant issues;
4. Guiding and monitoring the effective operation of the internal audit department;
5. Advising on the appointment and removal of the head of the internal audit department.

The internal audit department shall report to the Committee, and audit reports, rectification plans, and updates provided to management shall also be submitted to the Committee.

- (3) Auditing and issuing opinions on the Company's financial information and its disclosures

Reviewing and monitoring the authenticity, completeness, and accuracy of the Company's financial statements, annual reports and accounts, interim reports, and quarterly reports (if issued), and reviewing the material opinions on financial reporting as contained in financial statements and reports, with a particular focus on fraud, misrepresentation, and material misstatements, and expressing opinions on the truthfulness, completeness and accuracy of the financial reports. The Committee should examine the following aspects when submitting reports to the Board of Directors:

1. Any changes in accounting policies and practices;
2. Areas requiring significant judgments;
3. Major adjustments arising from the audit;
4. The going concern assumption and any qualified opinions;
5. Compliance with accounting standards;
6. Compliance with regulatory and legal requirements related to financial reporting of the place where the Company's shares are listed.

In connection with item (3) above, Committee members shall communicate with the Board of Directors, senior management, and the audit firm. The Committee shall meet with the external audit firm at least twice annually, consider major or unusual items reflected in the reports and accounts, and pay due attention to issues raised by accounting and financial staff, the compliance department, or the external audit firm.

- (4) Evaluating the effectiveness of internal controls and monitoring financial reporting, internal controls, and risk management systems
 1. Reviewing the Company's financial control, internal control, and risk management systems;

2. Discussing risk management and internal control systems with management to ensure effective systems are established. The discussion should include resources, staff qualifications and experience, training, and budget sufficiency in accounting and financial reporting functions;
 3. Undertaking, on its own initiative or at the direction of the Board of Directors, research on significant investigations relating to risk management or control systems and management's response to the findings;
 4. Coordinating internal and external audits, ensuring sufficient resources and appropriate status for the internal audit function, and reviewing its effectiveness;
 5. Reviewing the Company's financial and accounting policies and practices;
 6. Examining the "Audit Explanation Letter" issued by the external audit firm to the management, any significant concerns raised by the external audit firm regarding accounting records, financial accounts, risk management, or control systems, and management's responses; ensuring timely response by the Board of Directors to issues raised in the "Audit Explanation Letter";
 7. Reporting to the Board of Directors on matters outlined in D.3.3 of Appendix C1 to the Hong Kong Listing Rules (and its provisions as amended from time to time) and reporting Committee decisions or recommendations to the Board of Directors, unless restricted by law or regulations;
 8. Studying other topics defined by the Board of Directors.
- (5) Facilitating communication between internal and external audits, acting as the primary representative between the Company and external audit firm and supervising their relationship;
- (6) Ensuring the Company has established proper channels for employees to raise concerns in confidence regarding potential misconduct related to financial reporting, internal controls, or other matters. The Committee shall ensure appropriate arrangements for fair and independent investigations and appropriate actions;

- (7) Performing corporate governance duties, supervising and improving corporate governance principles, structures and systems:
1. Formulating and reviewing corporate governance policies and practices, making recommendations to the Board of Directors;
 2. Reviewing and monitoring the training and continuing professional development of directors, supervisors, and senior management;
 3. Reviewing and monitoring compliance policies and practices;
 4. Formulating, reviewing, and monitoring employee and director codes of conduct and compliance manuals (if any);
 5. Reviewing compliance with the Corporate Governance Code in Appendix C1 of the Hong Kong Listing Rules and disclosures in the Corporate Governance Report.
- (8) Other matters mandated by law, regulations, listing rules of the place where the Company's shares are listed, or Board authorization.

Article 11 The Audit Committee reports to the Board of Directors. The Audit Committee's proposals are submitted to the Board of Directors for review and decision-making. The Audit Committee shall cooperate with the Supervisory Committee in audit activities.

The Audit Committee shall provide all research discussions, materials, and information in the form of reports, recommendations, and summaries to the Board of Directors for consideration and decision-making.

Chapter IV Working Procedures

Article 12 The office of the Board of Directors shall serve as the day-to-day working body of the committee and shall be responsible for the preliminary preparation work of the Committee meetings and assisting the preparation of relevant materials for meetings.

Article 13 The internal audit department of the Company shall be responsible for preliminary preparations for decision making of the Audit Committee and providing the following written information of the Company:

- (1) relevant financial reports, financial budget and decision and relevant information of the Company;
- (2) work reports of internal and external auditors;
- (3) external audit contracts and relevant work reports;
- (4) disclosure of information by the Company to external parties;
- (5) audit reports on major related (connected) transactions of the Company;
- (6) financial and legal materials relating to material investment projects;
- (7) other relevant information.

Article 14 The Audit Committee shall consider the reports submitted by the internal audit department, and submit relevant resolutions in writing to the Board of Directors for consideration with respect to:

- (1) evaluation on the performance of, and engagement and replacement of, the external audit firm;
- (2) the effectiveness of the implementation of the internal audit system of the Company and the completeness and truthfulness of the financial reports of the Company;

- (3) whether the financial reports and other information disclosed by the Company give a true and fair view and whether the Company's significant related transactions are in compliance with relevant laws and regulations;
- (4) evaluation on the performance of the internal financial department and audit department of the Company, including persons in charge;
- (5) any special investigation, litigation, fraud and non-compliance incidents and other events with subject amount accounting for more than 10% of the latest audited net assets of the Company, which shall be reported to the Audit Committee. The Audit Committee shall report the same to the Board of Directors as appropriate;
- (6) other relevant matters.

Article 15 The internal audit department shall report promptly to the Audit Committee on the work of internal audit and problems discovered and shall submit a work report on internal audit annually and an internal control evaluation report at least once a year to the Audit Committee. The Audit Committee shall issue the self-evaluation report of annual internal control on the establishment and implementation of internal control systems in connection with financial reporting and information disclosure based on the reports and relevant information submitted by the internal audit department, and report the same to the Board of Directors.

Chapter V Rules of Procedure

Article 16 The Audit Committee shall convene at least two meetings each year. The Audit Committee shall notify all members of the Committee of a regular meeting five days prior to the meeting. However, the above notice period may be exempted with the unanimous consent of all members of the Committee. Notice of an extraordinary meeting shall be given to all members three days before it is convened. Notice of a meeting may be given at any time in case of emergency. Notice shall be accompanied by a complete set of meeting proposals, and shall be delivered by facsimile, telephone, e-mail, hand delivery, mail or other means as appropriate. When two or more members of the Audit Committee make a proposal, or when the convener (chairperson) of the Audit Committee considers it necessary, an extraordinary meeting may be convened.

Meetings shall be presided over by the convener (chairperson) of the Audit Committee. If the convener (chairperson) of the Audit Committee cannot attend, he/she may designate an independent non-executive director member to preside. If the chairperson fails to perform his/her duties or designate other members to perform on his/her behalf, any of the members may report to the Board of Directors, and the Board of Directors shall designate a member to perform the duties of the chairman.

Article 17 The meeting of the Audit Committee must be attended by at least two-thirds of the members (including members who have delegated another member in writing to attend the meeting) to be valid. Each member has one vote, and resolutions must be approved by a majority of all members.

Article 18 When a member of the Audit Committee has a conflict of interest in an issue to be discussed at a meeting, such member shall abstain from voting.

Where the number of members attending the meeting is less than the quorum specified in these terms of reference after the interested members abstain from voting, all members (including the interested members) shall resolve procedural issues including submitting the proposal to the Board of Directors for consideration. Such proposal shall be considered by the Board of Directors.

Article 19 The meetings may be held on site and in the form of written circular. If a meeting is held on site, telephone, video, etc. may be used to facilitate the members in attending the meeting. Any member who attends the meeting via the abovementioned approaches shall be deemed as having attended the onsite meeting.

Members of the Audit Committee shall attend meetings in person and express clear opinions on matters under consideration. Where a member is unable to attend the meeting in person for any reason, he/she may submit an instrument of proxy signed by the member, authorizing another member to attend and express opinions on his/her behalf. The instrument of proxy shall clearly specify the scope and duration of the mandate. Each member shall accept delegation from no more than one of the other members. Should an independent non-executive director member be unable to attend a meeting in person for any reason, he/she shall appoint another independent non-executive director member to attend on his/her behalf. The power of attorney shall be delivered to the chairperson of the meeting no later than a vote is taken at the meeting.

If a member of the Audit Committee fails to attend the meeting in person or appoint another member to attend the meeting on his/her behalf, he/she shall be deemed as absent from the relevant meeting. If a member of the Audit Committee fails to attend meetings for two consecutive times, such member shall be deemed to have failed to perform his/her duties properly, and may be removed from his/her office as member of the committee by the Board of Directors.

Article 20 Voting at the meeting of the Audit Committee shall be made either by a show of hands or by ballot.

Article 21 When necessary, the Audit Committee may invite the Company's directors, supervisors, and other senior management to attend meetings.

The internal audit department of the Company shall hold a meeting with the Audit Committee on a quarterly basis to report on the internal audit work and issues found and shall submit an internal audit report to the Audit Committee at least once a year. The person-in-charge of the internal audit department of the Company shall attend the meetings of the Audit Committee. The Audit Committee may, if necessary, invite other directors, supervisors, senior management and other relevant personnel of the Company to attend the meetings, lead a briefing or express opinions provided that non-members of the Audit Committee shall have no right to vote on resolutions.

Article 22 The Audit Committee may engage an intermediary agency to provide professional opinions on its decisions at the expense of the Company, where necessary.

Article 23 Procedures for convening and voting methods of meetings of the Audit Committee as well as resolutions passed thereat shall be in compliance with requirements of the relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and these terms of reference.

Article 24 The Audit Committee shall keep minutes, which shall record the matters considered and resolutions passed at the meetings in sufficient detail, including any doubts or objections raised by members, and shall be circulated to every member for review and confirmation. The members attending the meeting and the minute taker shall sign the minutes. Members present at a meeting shall have the right to request that a descriptive entry be made in the minutes of their statements at the meeting. If a committee member has any comments or objections regarding the minutes, he/she may choose not to sign but shall submit their written opinions to the secretary of the Board of Directors within the stipulated timeframe. If the errors or omissions in the records are confirmed to be true, the secretary of the Board of Directors shall make corrections, and the committee member shall sign the revised minutes. The minutes shall be maintained by the secretary to the Board of Directors of the Company. The draft and final version of the minutes shall be sent to all committee members within a reasonable time after the meeting, with the draft for members to express their opinions and the final version for record purposes.

Article 25 Proposals and voting results adopted at the Audit Committee meetings shall be reported to the Board of Directors of the Company in writing.

Article 26 Members present and attendees at meetings shall be obliged to keep all matters discussed at the meetings confidential and shall not disclose the relevant information without authorization.

Article 27 The Audit Committee shall, based on the internal audit report and relevant information submitted by the internal audit department, issue a written assessment opinion on the effectiveness of the internal control of the Company and report the same to the Board of Directors. Where the Board of Directors disagrees with the opinions of the Audit Committee on selection, appointment, resignation or dismissal of an external auditor, the Company shall include in the corporate governance report an explanatory statement of the Audit Committee on its recommendations and the reasons for the disagreement with the Board of Directors.

Article 28 The chairperson of the Audit Committee, or in his/her absence, another member or his/her authorized representative, shall, if invited by the chairperson of the Board of Directors, attend the annual general meeting of the Company on behalf of the Audit Committee and answer questions raised at the meeting.

Article 29 The Audit Committee shall publish its terms of reference on the website of The Stock Exchange of Hong Kong Limited and the website of the Company to explain its role and the authority delegated by the Board of Directors.

Chapter VI Coordination and Communication

Article 30 During Board recesses, if the Audit Committee identifies significant or special matters requiring Board review, it may submit a written report to the Board of Directors through the Secretary of the Board of Directors and may recommend that the Chairperson convene a Board meeting for discussion.

Article 31 Any written report submitted to the Audit Committee by senior management shall be signed by the General Manager or the senior manager responsible for the matter and submitted to the Audit Committee through the Secretary of the Board of Directors or the Board of Directors Office.

Article 32 Written reports submitted by the Audit Committee to the Board of Directors shall be signed by the Chair(chairperson) or an authorized Committee member and submitted to the Board of Directors through the Secretary of the Board of Directors.

Article 33 During Audit Committee recesses, if senior management identifies any significant or special matters, they may submit a written report to the Audit Committee through the Secretary of the Board of Directors or the Board of Directors Office and may suggest that the Chair (chairperson) of the Audit Committee convene a meeting for discussion.

Article 34 The Audit Committee Chair (chairperson), or an authorized member, shall report to the Board of Directors on the Committee's activities since the last regular Board meeting or provide a specific report on particular matters.

Chapter VII Supplementary Provisions

Article 35 Unless otherwise specified, terms used in these terms of reference have the same meanings as those defined in the Hong Kong Listing Rules and the Articles of Association.

Article 36 These terms of reference hereto have been considered and approved by the Board of Directors and shall take effect from the date of the initial public offering of overseas listed shares (H Shares) of the Company and its listing on The Stock Exchange of Hong Kong Limited.

Article 37 For matters not covered in these terms of reference, relevant national laws, regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association shall apply. In the event of a conflict between these terms of reference and national laws, regulations, securities regulatory rules of the place where the Company's shares are listed, or any amendments to the Articles of Association, the latter shall prevail. These terms of reference shall then be amended accordingly and submitted to the Board of Directors for approval.

Article 38 The power to amend and interpret these terms of reference rests with the Board of Directors of the Company.