

CHINA RESOURCES CEMENT HOLDINGS LIMITED
Terms of Reference for Audit Committee
(adopted on 2 September 2009 and amended on 29 February 2012,
4 May 2012, 23 October 2015 and 14 December 2018)

Definitions

1. For the purposes of these terms of reference (the “*Terms*”):

Audit Committee means the audit committee established by resolution of the Board in accordance with clause 2 of these Terms.

Board means the board of directors of the Company.

Chief Financial Officer means the senior officer of the Company responsible for financial management as appointed by the Board from time to time.

Company means China Resources Cement Holdings Limited.

Company Secretary means the company secretary of the Company.

Directors mean the members of the Board.

Group means the Company and its subsidiaries from time to time, and, for the period before the Company became the holding company for such subsidiaries, the entities which carried on the business of the Group.

Listing Rules mean the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

Senior Management means the executive Directors and other members of senior management referred to in the Company’s prospectus issued in connection with its initial listing on the Stock Exchange or in its most recent annual report and any such other officer of the Group determined by the Board from time to time as senior management of the Company.

Shareholders mean the shareholders of the Company.

Stock Exchange means The Stock Exchange of Hong Kong Limited.

Constitution

2. The Audit Committee was established by resolutions of the Board on 2 September 2009.

Membership

3. The members of the Audit Committee shall be appointed by the Board from among the non-executive Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors and at least one of whom shall be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules.
4. The following persons shall be prohibited from acting as a member of the Audit Committee:
 - (i) a person who is, or has at any time during the two years immediately prior to the date of his proposed appointment been, an executive director of the Company or of any of its subsidiaries; or
 - (ii) a former partner of an auditing firm which is currently or was within two years immediately prior to the date of his proposed appointment an independent auditor of the Company or any of its subsidiaries, for a period of two years from the date of the person ceasing:
 - (a) to be a partner of the firm; or
 - (b) to have any financial interest in the firm,whichever is later.
5. The chairman of the Audit Committee shall be appointed by the Board and shall be an independent non-executive Director.
6. The Company Secretary or any other person authorised by him or the Audit Committee shall be the secretary of the Audit Committee. The Audit Committee may, from time to time, appoint any other person with the appropriate qualification and experience as secretary of the Audit Committee.

Attendance at meetings

7. The Chief Financial Officer, the head of internal audit of the Company and a representative of the external auditors shall normally attend meetings of the Audit Committee. Other members of the Board and any other person may attend the meetings of the Audit Committee at the invitation of the chairman of the Audit Committee. However, at least once a year the Audit Committee shall meet with the external and internal auditors without the executive Directors present except by invitation of the chairman of the Audit Committee.

Frequency and conduct of meetings

8. Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.
9. Notice of any meetings shall be given at least 7 days prior to any such meeting being held, unless all members of the Audit Committee unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a member of the Audit Committee shall be deemed waiver of the requisite length of notice by such member. Notice of any adjourned meetings is not required if adjournment is for less than 7 days. An agenda and accompanying meeting papers should be sent in full to all members in a timely manner and at least 3 days before the intended date of a meeting of the Audit Committee (or such other period as agreed by its members).
10. The quorum for meetings of the Audit Committee shall be two members. Meetings could be held in person, by telephone or by video conference.
11. Resolutions of the Audit Committee at any meetings shall be passed by a majority of votes of the members of the Audit Committee present. A resolution in writing signed by all the members of the Audit Committee shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.
12. The Senior Management is obliged to supply the Audit Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a member of the Audit Committee requires more information than is volunteered by the Senior Management, the relevant member of the Audit Committee should make additional necessary enquiries. The Audit Committee and each of its members shall have separate and independent access to the Senior Management.

Annual General Meetings

13. The chairman of the Audit Committee, or in the absence of the chairman of the Audit Committee, another member of the Audit Committee, or failing which, his duly appointed alternate, shall attend the Company's annual general meetings and be prepared to respond to any Shareholder's questions on the Audit Committee's activities and its responsibilities.

Authority

14. The Audit Committee is authorised by the Board to investigate any activity within these Terms. 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 Audit Committee.
15. The Audit Committee is authorised by the Board to obtain outside independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if the Audit Committee considers this necessary. The Audit Committee shall be provided with sufficient resources to discharge its duties. The Audit Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external party who advises the Audit Committee.

Duties

16. The duties of the Audit Committee shall include:

Relationship with the Group's auditors

- (a) being primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and considering any questions of its resignation or dismissal;
- (b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) developing and implementing policy on engaging an external auditor to supply non-audit services (for this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally) and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) discussing with the external auditor before the audit commences, the nature and scope of the audit and reporting obligations, and ensuring co-ordination where more than one audit firm is involved;
- (e) discussing problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of Senior Management where necessary);

Review of the Group's financial information

- (f) monitoring integrity of the Group's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee shall focus particularly on: -
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and any requirements from the Stock Exchange and legal requirements in relation to financial reporting;
- (g) Regarding (f) above:
 - (i) liaising with the Board and the Senior Management;
 - (ii) meeting, at least twice a year, with the Company's auditors; and
 - (iii) considering any significant or unusual items that are, or may need to be, reflected in the financial statements, reports and accounts and giving due consideration to any matters that have been raised by the Group's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the Group's financial reporting system, risk management and internal control systems

- (h) reviewing the Group's financial controls, risk management and internal control systems;
- (i) meeting the Chief Internal Audit Officer of the Company at least once a year to review the internal audit function's analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems, and review any statement concerning risks and internal controls and any

disclosure of significant areas of concern to be included in the annual report prior to endorsement by the Board;

- (j) discussing the risk management and internal control systems with the Senior Management ensuring that the Senior Management has performed its duties to have effective systems and to review annually the effectiveness, adequacy and appropriateness of those systems. This review should include all important aspects of internal controls (including financial, operational, information technology, risk management, legal and compliance controls, etc.), adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions;
- (k) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and Senior Management's response to these findings;
- (l) ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing and monitoring its effectiveness;
- (m) reviewing the Group's financial and accounting policies and practices;
- (n) reviewing the external auditor's management letter, any material queries raised by the auditor to the Senior Management about accounting records, financial accounts or systems of control and Senior Management's response;
- (o) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (p) reporting to the Board on the matters in these Terms;
- (q) monitoring management's progress on implementing any new key financial reporting standards, and staying updated with tax legislature and regulatory developments in relation to financial reporting;
- (r) reviewing arrangements employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and ensuring that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (s) acting as the key representative body for overseeing the Group's relations with the external auditor; and
- (t) considering any other topics, as defined by the Board.

Disagreement as to external auditors

17. In the event the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Audit Committee shall provide a statement explaining its recommendations and also the reason(s) why the Board has taken a different view to the Company for inclusion in the Corporate Governance Report issued by the Company in accordance with Appendix 14 of the Listing Rules.

Reporting procedures

18. Full minutes of the Audit Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
19. Minutes of meetings of the Audit Committee shall record in sufficient detail the matters considered by the Audit Committee and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes of the meetings should be sent to all members of the Audit Committee for their comment and records, within a reasonable time after the meetings.
20. Without prejudice to the generality of the duties of the Audit Committee set out in these Terms, the Audit Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

Terms available

21. The Audit Committee shall make available these Terms by inclusion on the website of the Stock Exchange and the Company's official website for corporate communications.