

Rules of Procedures of the Audit Committee under the Board of Directors of China BlueChemical Ltd.

1. GENERAL PROVISIONS

1.1 To safeguard the legitimate rights and interests of shareholders of China BlueChemical Ltd. (hereinafter referred to as the “**Company**”) and regulate the proceedings of the audit committee under the board of directors of the Company (hereinafter referred to as the “**Audit Committee**”), these Rules of Procedures are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the “**Company Law**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules**”) and other relevant laws, regulations and regulatory documents, and the provisions of the Articles of Association of China BlueChemical Ltd. (hereinafter referred to as the “**Articles of Association**”), while taking into consideration the actual circumstances of the Company.

- 1.2 The Audit Committee is a special committee established under and accountable to the board of directors.
- 1.3 The Audit Committee exercises the duties of the Supervisory Board as stipulated in the Company Law and is responsible for reviewing and overseeing the Company's procedures on the preparation of financial reports and internal control, examining annual production and operation and budget proposals, making recommendations to the board of directors, and exercises and performs other powers and duties stipulated by these Rules of Procedures.

2. MEMBERS AND ORGANIZATIONAL STRUCTURE

- 2.1 The Audit Committee shall comprise at least three members, all of whom shall be non-executive directors (directors who do not serve as senior management of the Company) and the majority of whom shall be independent non-executive directors. One member among the independent non-executive directors shall have suitable professional qualifications or relevant accounting or financial management experience as required by the Listing Rules.
- 2.2 Members shall be appointed or removed by the board of directors. The term of office of each member is the same as their term of office as directors of the Company. However, the board of directors may make adjustment or removal to their term of office as members prior to expiry as needed.

A member of the Audit Committee may resign prior to expiry of his or her term of office. Upon resignation, he or she shall submit a written resignation report to the Company, and the resignation shall take effect on the date the Company receives the resignation report. However, if the resignation results in the number of Audit Committee members being less than the minimum number stipulated by these Rules of Procedures or the personnel composition stipulated by the Listing Rules, the original member shall continue to perform his or her duties in accordance with applicable laws and regulations, the securities regulatory rules of the place where the

Company's shares are listed, and these Rules of Procedures before the newly elected Audit Committee members take office.

- 2.3 The Audit Committee shall have one convener (also known as chairman, hereinafter referred to as the “Chairman”) to be acted by an accounting professional among the independent non-executive directors. The chairman shall be nominated by the chairman of the Company, subject to the consideration and approval by the board of directors. The Chairman of the Audit Committee (or in his/her absence, his/her duly appointed representative) shall attend the Company's annual general meeting and be prepared to answer any questions from shareholders at the meeting regarding the activities of the Audit Committee.
- 2.4 Any former partner of the accounting firm currently responsible for the Company's accounts (where he/she is a director of the Company) shall not act as a member of the Audit Committee within two years from the following dates (whichever is later):
- 1) the date when he ceases to be a partner of that company; or
 - 2) the date when he no longer enjoys the financial interests of that company.

3. OPERATIONAL PROCEDURES

- 3.1 The Audit Committee shall hold a meeting at least once a quarter. An ad hoc meeting may be convened upon proposal by two or more members or when the Chairman deems it necessary. The external auditors of the Company may propose to the chairman of the Audit Committee for the convening of ad hoc meetings if deemed necessary. The Audit Committee shall hold meetings with the external auditors at least once a year, in the absence of executive directors of the board of directors, for discussion and communication in respect of the Company's internal financial audit.
- 3.2 Meetings shall be presided over by the Chairman. If the Chairman is unable to perform his/her duties or fails to perform his/her duties, the meeting shall be presided over by an Audit Committee member (who must be an independent non-executive director) nominated by a majority of the Audit Committee members.
- 3.3 Meetings shall be held by more than two-thirds of the members attending the meeting. Each member has one voting right on Audit Committee resolutions, and voting shall be conducted by a show of hands or by written ballot. Resolutions adopted by the Audit Committee shall be passed with the approval of more than one-half of all members. If members are unable to attend the meeting for some reason, they may appoint another member in writing to attend the meeting and exercise the voting right on their behalf.
- 3.4 The Audit Committee may invite other directors, senior management and other personnel of the Company to sit in on the meeting. If necessary, the Audit Committee may engage intermediaries to provide professional advice for its decision-making.

- 3.5 The Audit Committee shall maintain complete minutes and/or resolutions of the meeting where Audit Committee members attending the meeting shall sign on the meeting minutes and/or meeting resolutions. The minutes and/or resolutions of the meeting shall be reported to the board of directors.
- 3.6 Meetings may be convened in the form of communications over written resolutions. Written resolutions shall be delivered to all members by methods including email, facsimile, express mail and personal delivery. Members shall, upon voting on the resolutions in writing, return the original signed vote to the Company for filing. Where the majority of all members have given their signatures agreeing to the resolution, such resolution shall be considered to have passed by the Audit Committee.
- 3.7 Where the Audit Committee convenes a meeting by voting on written proposals by correspondence, the draft meeting minutes and/or meeting resolutions shall be provided to all members of the Audit Committee as soon as reasonably possible after the meeting. Members may propose revisions to the draft meeting minutes and/or meeting resolutions. The meeting minutes and/or meeting resolutions amended in accordance with the revisions (if any) proposed by the members and signed by the Audit Committee members shall become final meeting minutes and/or meeting resolutions and shall be provided to all members for their records.
- 3.8 The secretary to the Audit Committee (to be acted by the secretary to the board of directors where no person has been appointed for the task) shall distribute the final meeting minutes and/or meeting resolutions and report (if any) of the Audit Committee to all members of the board of directors for their perusal.
- 3.9 The Audit Committee shall be provided with adequate resources to discharge its duties and powers.
- 3.10 The Audit Committee shall make disclosure of its terms of reference to explain its functions and responsibilities, as well as other powers delegated by the board of directors on the website of the Stock Exchange of Hong Kong Limited and the Company.
- 3.11 Where the board of directors disagrees with the Audit Committee's views over the selection, appointment, resignation or removal of the Company's external auditors, it should include a statement from the Audit Committee explaining its recommendation and the reasons for the Board's dissenting opinion in the Corporate Governance Report in the Company's annual report.
- 3.12 The Audit Committee shall report to the board of directors on the adoption of any action or improvement that it considers necessary and make recommendations on the steps to be taken.

4. POWERS AND RESPONSIBILITIES

The Audit Committee shall exercise and perform the relevant powers and responsibilities stipulated by the Company Law and other applicable laws and regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, and those delegated by the board of directors.

4.1 The Audit Committee shall exercise the duties of the supervisory board as stipulated by the Company Law, including:

- (1) inspecting the Company's finances;
- (2) supervising the performance of the Company's directors and senior management in the performance of their duties, and recommending the removal of any director or senior management who violates laws, administrative regulations, the Articles of Association or resolutions of shareholders' meetings;
- (3) requiring directors or senior management to correct any conduct that harms the Company's interests;
- (4) proposing the convening of an extraordinary shareholders' meeting, and convening and presiding over a shareholders' meeting when the board of directors fails to perform its duties of convening and presiding over the shareholders' meeting as stipulated in the Company Law and the Articles of Association;
- (5) submitting proposals to shareholders' meetings;
- (6) initiating legal action against directors or senior management in accordance with the provisions of the Company Law.

4.2 The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the board of directors for review after being approved by more than one-half of all members of the Audit Committee:

- (1) disclosure of financial information in financial accounting reports and periodic reports, as well as internal control evaluation reports;
- (2) hiring or dismissing the accounting firm responsible for the Company's audit services;
- (3) appointing or dismissing the Company's chief financial officer;
- (4) making changes to accounting policies, accounting estimates for reasons other than changes in accounting standards, or corrections of significant accounting errors;
- (5) other matters as stipulated by the laws, administrative regulations, the China Securities Regulatory Commission (CSRC), securities regulatory rules of the stock exchange where the Company's shares are listed and the Articles of Association.

4.3 The terms of reference of the Audit Committee authorized by the board of directors shall include (but not limited to) the requirements provided in D.3.3 and D.3.7 of

Section D.3 of the Corporate Governance Code in Appendix C1 of the Listing Rules (hereinafter referred to as the “**Corporate Governance Code**”) (the actual terms of reference shall be governed by the Listing Rules and its requirements which are subject to revision from time to time). The main contents are set out as below:

- (1) The Audit Committee shall make recommendations to the board of directors on the appointment, re-appointment and removal of the external auditor, approve the remuneration and terms of engagement of the external auditor, and handle any questions of resignation or dismissal of the external auditor; and act as the key representative body for overseeing the relations of the Company with the external auditor.
- (2) The Audit Committee shall review and monitor the independence and objectivity of the external auditor and the effectiveness of the audit procedures in accordance with applicable standards, and discuss with the auditors on the nature and scope of the audit and relevant reporting obligations before the audit commences.
- (3) The Audit Committee shall formulate and implement policy on the engagement of external auditors to provide non-audit services.
- (4) The Audit Committee shall examine annual production, operational and financial budget proposals and make recommendations to the board of directors.
- (5) Members of the Audit Committee shall liaise with the board of directors and senior management and hold meetings with the external auditors at least twice annually, and monitor the integrity of the Company’s financial statements, annual report, accounts, half-year report and quarterly reports (if any) and review significant financial reporting judgments contained in them, with particular focus on the following items:
 - (1) accounting policies and any changes in practices;
 - (2) major judgmental areas;
 - (3) significant adjustments resulting from audit;
 - (4) the going concern assumptions and any qualified opinions;
 - (5) compliance with accounting standards; and
 - (6) compliance with the Listing Rules and legal requirements in relation to financial reporting.

The Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts referred to above, and give due consideration to any matters that have been raised by the staff responsible for accounting and financial function, compliance officers or auditors of the Company.

- (6) The Audit Committee shall review and regulate the financial controls, financial reporting system, internal control procedures and risk management system of the Company, and fix any identified weaknesses in a timely manner.
- (7) The Audit Committee shall discuss the risk management and internal control system with management to ensure that management has discharged its duty to establish an effective risk management and internal control system, understand the monitoring measures and completeness of risk management and internal control systems, and review monitoring measures to prevent or detect fraud and errors. This discussion shall include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function; the effectiveness of the Company's internal control procedures, the acceptance of complaints or concerns raised by the staff in secret in respect of misconduct that may occur in terms of financial reporting, internal control and other functions and the Company's arrangements for staff complaints. At the same time, the Audit Committee shall ensure that appropriate arrangements are in place, enabling the Company to conduct a fair and independent investigation of the staff's complaints and take proper actions. The Audit Committee shall, on its own initiative or upon the request of the board of directors, study results of investigation in relation to risk management and internal control issues and the feedback of management.
- (8) The Audit Committee shall oversee the appointment and removal of the person-in-charge of the Company's internal audit function and make relevant recommendations; coordinate the work between the internal and external auditors to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company; and review and monitor the effectiveness of the Company's internal audit function.
- (9) The Audit Committee shall review the Group's financial and accounting policies and practices.
- (10) The Audit Committee shall review the management letter of the external auditor, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and the response of management, and ensure that the board of directors will provide a timely response to the issues raised in the management letter; and
- (11) The Audit Committee shall report to the board of directors on matters provided in the Corporate Governance Code.
- (12) Other duties and powers stipulated by applicable laws and regulations, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, and those granted by the board of directors.

5. DUTIES AND POWERS OF THE CHAIRMAN OF THE AUDIT COMMITTEE

- 5.1 The chairman shall convene and preside over meetings of the Audit Committee.

- 5.2 The chairman shall supervise and examine the implementation of resolutions adopted by the Audit Committee.
- 5.3 The chairman shall execute important documents of the Audit Committee.
- 5.4 The chairman shall report the work of the Audit Committee to the board of directors on a regular basis or in accordance with the arrangements of the board of directors.
- 5.5 The chairman shall perform other duties and powers stipulated by applicable laws and regulations, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, and those granted by the board of directors.

6. ANNUAL PERFORMANCE APPRAISAL REVIEW

The Audit Committee shall draft and submit an annual performance appraisal report to the board of directors. The Audit Committee has the right to determine the approach of the annual performance appraisal report. The chairman of the Audit Committee or members designated by the Audit Committee may give an account of the report orally or in writing.

7. RESOURCES AND AUTHORITY

The Audit Committee shall be provided with adequate resources to perform its duties. The Audit Committee has the right to appoint independent consultants, legal advisers and other advisors at the Company's expense as needed in the implementation of relevant affairs in accordance with the provisions of these Rules of Procedures and other relevant laws, regulations and regulatory documents. The Audit Committee shall be solely responsible for establishing its own selection criteria, selecting, appointing and determining the terms of reference of any independent advisors providing advice to the Audit Committee.

8. RESTRICTIONS ON THE FUNCTIONS AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee is not obliged to plan and implement any audit activities in performing the functions and responsibilities referred to above in these Rules of Procedures. The management of the Company shall be responsible for the preparation of the Company's financial reporting function, whereas the accounting firm shall be responsible for the audit of the Company's financial reports.

9. MISCELLANEOUS

- 9.1 The term "Audit Committee" as used in these Rules of Procedure has the same meaning as "Audit Committee" under the Company Law and the Company's Articles of Association.

- 9.2 To the extent that any provision of these Rules of Procedure conflicts with or violates those of applicable laws and regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, the applicable laws and regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association shall prevail.

For matters not covered by these Rules of Procedure, the applicable laws and regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association (if any) shall prevail.

- 9.3 Unless otherwise specified, the terms "at least" and "more than" in these Rules of Procedure include the number itself, while "over" and "other than" do not include the number itself.
- 9.4 These Rules of Procedures shall take effect from the date of approval by the board of directors, and the same applies to any amendments made.
- 9.5 The interpretation of these Rules of Procedures shall be vested in the board of directors.

Fifth amendment as of 18 Aug 2025
Fourth amendment as of 20 Dec 2018
Third amendment as of 25 Jan 2016
Second amendment as of 29 Mar 2012
First amendment as of 26 Aug 2009
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