

China Graphite Group Limited

中国石墨集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2237)

TERMS OF REFERENCE OF THE COMPLIANCE COMMITTEE

Set out below are the terms of reference (the “**Terms of Reference**”) of the compliance committee (the “**Committee**”) of China Graphite Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

1. PURPOSE

- 1.1 The purpose of the Committee is to assist and advise the board (the “**Board**”) of directors of the Company (the “**Directors**”) in monitoring and overseeing compliance-related issues of the Group. The primary duties of the Committee are to ensure compliance with regulatory matters as well as the adequacy and effectiveness of regulatory compliance procedure and system.

2. COMPOSITION

- 2.1 The Committee shall be appointed by the Board from time to time and shall consist of a majority of independent non-executive Directors who shall meet the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (as amended from time to time).
- 2.2 The Board shall appoint one member of the Committee as the chairman (the “**Chairman**”) who is either the chairman of the Board or an independent non-executive Director.

3. MEETINGS

- 3.1 Unless otherwise specified hereunder, the provisions contained in the Company’s articles of association (the “**Articles**”) (as amended from time to time) for regulating meetings and proceedings of Directors shall apply to the meetings and proceedings of the Committee.
- 3.2 Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication or in such other manner as the members may agree.
- 3.3 The Committee shall meet quarterly, or more frequently if circumstances require.
- 3.4 Members of the Committee may be represented at a meeting of the Committee by an alternate appointed by him or her.
- 3.5 The Chairman shall be responsible for leading the Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.

- 3.6 A meeting of the Committee may be convened by any of its members.
- 3.7 A quorum shall be two members of the Committee.
- 3.8 Unless otherwise agreed by all the members of the Committee, notice of at least seven days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given. The Chairman shall determine whether or not a meeting of the Committee is a regular meeting.
- 3.9 The agenda and accompanying supporting papers shall be sent to all members of the Committee and to other attendees as appropriate at least three days before the date of the meeting (or such other period as the members may agree).
- 3.10 Each member shall have one voting right. Subject to the Articles, questions arising at any meeting of the Committee shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.
- 3.11 The members of the Committee shall appoint a secretary of the Committee (the “**Secretary**”) to take minutes. In the absence of the Secretary, his/her delegate(s) or any person elected by the members of the Committee present at the meeting of the Committee, shall attend the meeting of the Committee and take minutes. Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the Chairman or the Secretary of the meeting or succeeding meeting.
- 3.12 Full minutes of meeting of the Committee shall be kept by the Secretary or any one of the joint company secretaries of the Company. They shall be open for inspection at any reasonable time on reasonable notice by any Director.
- 3.13 Minutes of meetings of the Committee and the record of individual attendance at such meetings shall be prepared by the Secretary which shall be sent to all members of the Board within a reasonable time after the conclusion of any meeting of the Committee for their comment and records. For the purposes of recording attendance only, the attendance of an alternate of members of the Committee will not be counted as attendance by the relevant member of the Committee himself or herself. The minutes of meetings shall record details of the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed.
- 3.14 Without prejudice to any requirement under the Listing Rules, a resolution in writing signed by all the members of the Committee (or their respective alternate) shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

4. ACCESS

- 4.1 The Committee shall have full access to management and may invite members of management or others to attend its meetings.
- 4.2 The Company should provide the Committee with sufficient resources to perform its duties, including but not limited to obtaining independent professional advice and assistance from internal or external legal, accounting, or other advisors at the expense of the Company if necessary. The members of the Compliance Committee, individually or as a whole, have unrestricted access to advice given by professional advisors of the Group.

5. REPORTING PROCEDURES

- 5.1 The Committee will consult the chairman of the Board and/or the chief executive officer of the Company about their proposals relating to the selection and appointment of Directors.
- 5.2 The Committee shall evaluate and assess its effectiveness and the adequacy of its Terms of Reference from time to time and recommend any proposed changes to the Board.
- 5.3 The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

6. AUTHORITY

- 6.1 The authorities and responsibilities of the Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 of the Listing Rules (as amended from time to time).
- 6.2 The Committee has the authority to investigate any activity within its Terms of Reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 6.3 The Committee has the authority to seek independent opinions from external professional consultants and secure the attendance of external advisors with relevant experience and expertise if the Committee considers it necessary.
- 6.4 The Committee has the authority to advise on the establish, supplement or modification of the existing internal compliance policies or processes.
- 6.5 The Committee shall be provided with sufficient resources to discharge its responsibilities and duties.

7. RESPONSIBILITIES AND DUTIES

7.1 Without prejudice to any requirement under the CG Code, the Committee shall perform the following duties:

- (a) to identify, address and rectify any potential and non-compliance issues regarding or involving any member or employee of the Group;
- (b) to liaise with relevant government authorities and statutory bodies to ensure proper compliance of the Group;
- (c) to handle all the complaints or suggestions from the employees of the Group;
- (d) to ensure compliance with the Company's internal control procedure manual, and make relevant compliance-related recommendations to our Board from time to time;
- (e) to make recommendations on review measures to the Board to improve the health and safety of workers of the Group;
- (f) to make recommendations on review measures to the Board to monitor the procedures and systems of the Group;
- (g) to ensure compliance with the requirements of the publication of financial information of the Group in accordance with the Listing Rules;
- (h) to develop, review and monitor the codes of conduct applicable to employees and Directors;
- (i) to ensure that key employees have been trained on the details of the Company's internal control procedure manual and the relevant safety policies;
- (j) to review the Company's compliance with the CG Code and the Environmental, Social and Governance ("ESG") Reporting Guide set out in the Listing Rules;
- (k) to review the annual corporate governance report and ESG report for the Board's consideration and approval for disclosure;
- (l) to prepare and submit a summary report every quarter to the Board on the overall compliance performance and corporate governance practice of the Group; and
- (m) together with the company secretary, to ensure continuous training is provided to the Directors and senior management after Listing on their continuous duties and obligations under the Listing Rules.

8. ANNUAL GENERAL MEETING

- 8.1 The Chairman or in his absence, another member of the Committee or failing this, his or her duly appointed delegate, shall attend the annual general meeting (the “AGM”) of the Company and be prepared to respond to questions at the AGM on the Committee’s work and responsibilities.