



北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. CONSTITUTION

- 1.1 The Audit Committee (the “**Committee**”) was formed pursuant to the resolution passed by the board of directors (the “**Board**”) of Beijing Energy International Holding Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on 14 March 2000.
- 1.2 Adopted on 23 March 2012 (and amended on 30 August 2019 and 28 December 2022) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Corporate Governance Code effective from time to time.

2. MEMBERSHIP

- 2.1 The members of the Committee shall be appointed by the Board and, if the Company has a nomination committee, on the recommendation of the nomination committee in consultation with the chairman of the Committee (the “**Chairman**”) from amongst the non-executive directors of the Company.
- 2.2 The Committee shall consist of not less than three members comprising non-executive directors only, a majority of whom should be independent non-executive directors and at least one independent non-executive director with appropriate professional accounting or related financial management expertise or qualifications.
- 2.3 The chairman of the Board shall not be a member of the Committee.
- 2.4 The Chairman must be an independent non-executive director and appointed by the Board.

- 2.5 A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Committee for a period of two years commencing on the date of the person ceasing to be a partner of the auditing firm or to have any financial interest in the auditing firm, whichever is later.
- 2.6 Appointments should be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members of the Committee continue to be independent.

3. MEETINGS

- 3.1 The company secretary of the Company (the "**Company Secretary**") shall be the secretary of the Committee (the "**Secretary**").
- 3.2 The Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary.
- 3.3 A quorum of a meeting of the Committee shall be any two members.
- 3.4 Notice of any meetings has to be given at least 7 days prior to any such meeting being held, unless all members of the Committee unanimously waive such notice. Irrespective of the length of notice being given, a member of the Committee attending the meeting shall be deemed waiver of the requisite length of notice of the meeting by the member. Notice of any adjourned meetings is not required if adjournment is for less than 7 days.
- 3.5 Meetings may be held in person, by telephone, electronic or other communications equipment. Members of the Committee may participate in a meeting by means of a conference telephone or other communications equipment through which all persons participating in the meeting are capable of communicating with each other simultaneously and instantaneously.
- 3.6 A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.
- 3.7 Full minutes of Committee meetings should be kept by the Secretary. Draft and final versions of minutes of the Committee meetings shall be circulated to all members of the Committee for their comment and records, within a reasonable time after the meeting. Such minutes of meeting shall be opened for the Board's inspection.

4. ATTENDANCE AT MEETINGS

- 4.1 At the invitation of the Committee, the Chief Financial Officer/Financial Controller (if any), the head of internal audit (if any), and a representative of the external auditors may attend the meetings.
- 4.2 The members of the Committee shall meet with the external auditors and internal auditors (if any) at least once a year without executive Board members or management present.
- 4.3 Only members of the Committee are entitled to vote at the meetings.
- 4.4 In the case of any equality of votes for and against a resolution, the Chairman of the Committee shall have the casting vote.

5. FREQUENCY OF MEETINGS

- 5.1 The Chairman, in consultation with the Secretary, shall decide the frequency and timing of its meetings. There shall be as many meetings as the Committee's duties and responsibilities require.
- 5.2 Meetings of the Committee shall be held not less than twice a year. The Company's external auditors may request that a meeting be held if they consider it necessary.

6. AUTHORITY

- 6.1 The Committee is authorized by the Board to inspect all accounts, books and records of the Company.
- 6.2 The Committee shall have the right to require the Company's management to furnish information on any matter relating to the financial position of the Company, its subsidiaries or affiliates, as may be required for the purposes of discharging its duties.
- 6.3 A member of the Committee may, through the Company Secretary, seek independent advice in appropriate circumstances at the Company's expense to discharge his/her duties as a member of the Committee within its terms of reference.
- 6.4 The Committee shall be provided with sufficient resources to discharge its duties.

6.5 Where there is disagreement between the Committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the Committee shall have the right to report the issue to the shareholders as part of the report on its activities in the annual report.

7. DUTIES & RESPONSIBILITIES

It is the Committee's primary duty to act independently to ensure that the interests of the shareholders are properly protected in relation to financial reporting and internal control and to act as the key representative body for overseeing the Company's relationship with the external auditors. The Committee shall have the following duties and responsibilities:

Review of the financial information of the Company

7.1 To monitor the integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them.

7.2 In reviewing financial reports, before submission to the Board, the Committee should focus particularly on:

- (a) any changes in accounting policies and practices;
- (b) major judgmental areas;
- (c) significant adjustments resulting from audit;
- (d) the going concern assumptions and any qualifications;
- (e) compliance with accounting standards; and
- (f) compliance with the Listing Rules and legal requirements in relation to financial reporting.

7.3 In regard to 7.2 above:

- (a) members of the Committee should liaise with the Board, senior management and the person appointed as the Company's qualified accountant (if any) and the Committee must meet, at least twice a year, with the Company's auditors; and
- (b) the Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's qualified accountant and the compliance officer (if any), or auditors.

7.4 Oversight of the Company's financial reporting system, internal control and risk management systems:

- (a) to review the Company's financial controls, internal control and risk management systems;
- (b) to discuss the internal control and risk management systems with management to ensure that management has performed its duty to have effective systems (discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function);
- (c) to consider major investigation findings on internal control and risk management matters as delegated by the Board or on its own initiative and management's response to these findings;
- (d) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (e) to review the Group's financial and accounting policies and practices;
- (f) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (g) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

- (h) to report to the Board on the matters in this section; and
- (i) to consider other topics, as defined by the Board of the Company.

Relationship with the Company's auditors

- 7.5 To be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- 7.6 To review and monitor the external auditor's independence and objectivity;
- 7.7 To review and monitor the effectiveness of the audit process in accordance with applicable standards and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 7.8 To develop and implement 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
- 7.9 To report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

Relationship with the Company's employees

- 7.10 To review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and
- 7.11 To ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

8. REPORTING PROCEDURES

- 8.1 The Secretary shall circulate the minutes of meetings and reports of the Committee to all members of the Board.
- 8.2 The Committee shall report to the Board after each meeting.

If there is any inconsistency between the English and Chinese versions of this terms of reference, the English version shall prevail.