

**China Renewable Energy Investment Limited**  
**(Incorporated in the Cayman Islands with limited liability)**

**AUDIT COMMITTEE – TERMS OF REFERENCE**

**1. Objectives**

- 1.1 The Audit Committee is to assist the Board of Directors (the "Board") in establishing formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditor.
- 1.2 The Audit Committee is to assist the Board in performing the corporate governance duties.

**2. Membership**

- 2.1 The Audit Committee shall be appointed by the Board and must consist of a minimum of three members (the "Members").
- 2.2 Membership shall be confined to non-executive Directors the majority of which must be independent non-executive Directors ("INEDs") and at least one INED with appropriate professional qualifications or accounting or related financial management expertise.
- 2.3 The Chairman of the Audit Committee shall be determined in each meeting and must be an INED.
- 2.4 In the event that the Audit Committee comprises a non-executive Director who is a former partner of the Company's existing auditing firm, such non-executive Director shall be prohibited from acting as a Member of the Audit Committee 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.

**3. Secretary**

- 3.1 The Company Secretary shall be the secretary of the Audit Committee.
- 3.2 The Audit Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Audit Committee.

**4. Meetings**

- 4.1 The Audit Committee shall meet at least twice each year.
- 4.2 Notice of any meetings has to be given at least 14 days prior to any such meetings being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed a waiver of the requisite length of notice by the Member. Notice of any adjourned meetings is not required if adjournment is for less than 14 days.

- 4.3 The quorum of the Audit Committee shall be any two Members, of whom one has to be an INED.
- 4.4 Meetings could be held in person or via electronic means including by telephone, by video conference or by virtual meeting technology. Members may participate in a meeting by means of a conference telephone, a virtual meeting technology or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 4.5 Resolutions of the Audit Committee at any meetings shall be passed by a majority of votes of the Members present.
- 4.6 Full minutes shall be kept by the Company Secretary. Draft and final versions of minutes shall be circulated to all Members for their comment and records within a reasonable period of time after a meeting is held. Such minutes shall be open for Directors' inspection.

## **5. Attendance at Meetings**

- 5.1 At the invitation of the Audit Committee, the following persons may attend the meeting:
  - (a) Chief Financial Officer or Manager of Accounts Department (or person occupying the same position);
  - (b) Other members of the Board;
  - (c) External auditor; and
  - (d) A staff performing the function of internal audit or internal control, if any.

## **6. Annual General Meeting**

- 6.1 The Chairman of the Audit Committee or, in his/her absence, another Member (who must be an INED) of the Audit Committee shall attend the Company's Annual General Meeting and be prepared to respond to shareholders' questions on the Audit Committee's activities and their responsibilities.

## **7. Responsibility, Powers and Discretion**

The responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control system. The Audit Committee shall have the following responsibilities, powers and discretion:

### *Relationship with the Company's External Auditor*

- 7.1 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;
- 7.2 to review and monitor the external auditor's independence and objectivity;
- 7.3 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;

- 7.4 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;
- 7.5 to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- 7.6 to act as the key representative body for overseeing the Company's relations with the external auditor;

*Review of the Company's financial information*

- 7.7 to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review any significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee shall 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;
- 7.8 Regarding to 7.7 above: -
  - (a) Members of the Audit Committee should liaise with the Board and senior management;
  - (b) the Audit Committee must meet, at least twice a year, with the Company's external auditor without management's presence; and
  - (c) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer (or person occupying the same position) or external auditor;

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

- 7.9 to review the Company's financial controls, risk management and internal control system(s);
- 7.10 to discuss the risk management and internal control system(s) with management to ensure that management has performed its duty to have effective system(s). This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- 7.11 to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

- 7.12 to ensure co-ordination between the internal and external auditor, 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;
- 7.13 to review the financial and accounting policies and practices of the Company and its subsidiaries (collectively, the "Group");
- 7.14 to review the external auditor's management letter, any material queries raised by the external auditor to management about the accounting records, financial accounts or systems of control and management's response;
- 7.15 to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- 7.16 to report to the Board on the matters in these Terms of Reference;
- 7.17 to review arrangements the Group's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- 7.18 to act as the key representative body for overseeing the Group's relationship with the external auditor;
- 7.19 to review a whistleblowing policy and system for employees and those who deal with the Company (including but not limited to customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Group;
- 7.20 where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor, arrange for the Corporate Governance Report to include an explanation of the Audit Committee's recommendation and the reasons why the Board has taken a different view;
- 7.21 to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules from time to time;

*Corporate Governance Functions*

- 7.22 to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- 7.23 to review and monitor the training and continuous professional development of Directors and senior management;
- 7.24 to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- 7.25 to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- 7.26 to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

## **8. Reporting Responsibilities**

8.1 The Audit Committee shall report to the Board on their decisions and recommendations.

## **9. Authority**

9.1 The Audit Committee is authorized by the Board to inspect all accounts, books and records of the Company.

9.2 The Audit 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.

9.3 A Member of the Audit Committee may seek independent professional advice in appropriate circumstances at the Company's expense to perform his/her duties as a Member of the Audit Committee to the Company. Arrangement to seek independent professional advice could be made through the Company Secretary.

9.4 The Audit Committee shall be provided with sufficient resources to perform its duties.

## **10. Publication of the Terms of Reference**

10.1 The terms of reference will be posted on the websites of the Company and The Stock Exchange of Hong Kong Limited. A copy of the terms of reference will be made available to the Members without charge upon request.

*Remark : "senior management" refers to the same persons as referred to in the Company's annual report, as required to be disclosed under Appendix 16 to the Listing Rules.*

*Note: If there is any inconsistency between the English and Chinese versions of this Terms of Reference, the English version shall prevail.*

Adopted on 28 May 2008 and amended on 1 January 2009, 9 March 2012, 31 December 2015 and 29 March 2023.