

ENN ENERGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

ENN ENERGY HOLDINGS LIMITED

Terms of Reference for the Audit Committee

Formation

1. The board of directors (the “Board”) of ENN Energy Holdings Limited (the “Company”) resolved to establish a committee of the Board to be known as the Audit Committee (the “Committee”).

The proceedings of meetings of the Committee are governed by the provisions contained in the articles of association of the Company.

Composition and Quorum

2. The members of the Committee shall be appointed by the Board and should comprise a minimum of three members who must be non-executive directors of the Company, a majority of whom should be independent non-executive directors (“INED(s)”) and at least one of the INEDs must have the appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). A quorum for meeting of the Committee shall be two members.
3. A former partner of the Company’s existing auditing firm should be prohibited from acting as a member of the Committee for a period of two years from the date of his/her ceasing (a) to be a partner of the firm; or (b) to have any financial interest in that firm, whichever is later.
4. The chairman of the Committee shall be appointed by the Board and should be an INED.

Attendance at meetings of Committee

5. The Chief Financial Officer of the Company (“Chief Financial Officer”) and a representative of the external auditors shall normally attend meetings of the Committee. Other Board members shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditors without executive Board members present (unless invited by the Committee).
6. The Company Secretary of the Company (“Company Secretary”) shall be the secretary of the Committee. In the absence of the Company Secretary in any meeting of the Committee, a member of the Committee or a representative of the Company Secretary shall act as the secretary of the meeting of the Committee.

Frequency of meetings

7. Meetings shall be held not less than twice a year. The external auditors or any members of the Committee may request a meeting with or without the presence of executive directors if they consider that one is necessary.

Authority

8. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information (including but not limited to accounts, books and records of the Company) it requires from any employee of the Company or its subsidiaries and all employees are directed to cooperate with any request made by the Committee, subject to the applicable laws and regulations.
9. The Committee shall be provided with sufficient resources to perform its duties. The Committee is authorised by the Board, subject to prior discussion concerning the cost, to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary to perform its duties with regard to any matter within its term of reference. *(Note: Arrangement to seek independent professional advice can be made through the Chief Financial Officer or the Company Secretary.)*
10. Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Committee may arrange for the Corporate Governance Report to include a statement from the Committee explaining its recommendation and the reason(s) why the Board has taken a different view.

Duties

11. The duties of the Committee shall be:
 - (a) to be primarily responsible for making recommendation 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;
 - (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
 - (c) 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. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
 - (d) 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 significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:
 - (i) any changes in accounting policies and practices;

ENN ENERGY HOLDINGS LIMITED

Terms of Reference for the Audit Committee

- (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 legal requirements in relation to financial reporting;
- (e) Regarding (d) above:
- (i) members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditors; and
 - (ii) the Committee should 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 auditors;
- (f) to review the Company's financial controls and internal control systems;
- (g) to discuss internal control systems with management to ensure that management has performed its duty to have effective systems. 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;
- (h) to consider reports submitted by the internal audit function on whether the internal control and risk management systems developed by the management and/or approved by the Risk Management Committee or the Board are adequate and effective;
- (i) 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;
- (j) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);
- (k) 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 controls and management's response;
- (l) 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;

ENN ENERGY HOLDINGS LIMITED

Terms of Reference for the Audit Committee

- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (n) to report to the Board on the matters in code provision under Appendix 14 of the Listing Rules;
- (o) to review the Company's statement on risk management and internal control systems (where one is included in the annual report) prior to endorsement by the Board;
- (p) to review the group's financial and accounting policies and practices;
- (q) to review arrangements by which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (r) to act as the key representative body for overseeing the Company's relations with the external auditor; and
- (s) to consider other topics, as defined by the Board.

Reporting procedures

12. Full minutes of the Committee meetings should be kept by the secretary of the Committee. Draft and final versions of minutes of the meeting should be sent to all members of the Committee for their comments and records, within a reasonable time after the meetings.
13. The Committee shall review this terms of reference regularly, and shall report the work of the Committee to the Board at least half yearly.
14. The chairman of the Committee or (if absent) another member of the Committee whom must be an INED should attend the annual general meeting of the Company and handle the shareholders' enquiry on the activities and responsibilities related to the Committee.

- End -

Date of First Adoption: 31 December 2004
Date of Latest Revision: 15 December 2022