



# **RENHENG ENTERPRISE HOLDINGS LIMITED**

## **仁恒實業控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 3628)

### **AUDIT COMMITTEE TERMS OF REFERENCE**

#### **1. Membership**

- 1.1 The audit committee (the “Audit Committee”) shall consist of not less than three members appointed by the board of directors (the “Board”) of RENHENG Enterprise Holdings Limited (the “Company”).
- 1.2 The majority of the Audit Committee shall be independent non-executive directors.
- 1.3 The chairman of the Audit Committee (the “Chairman”) shall be appointed by the Board.
- 1.4 A former partner of the Company’s existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of 1 year from the date of his ceasing:
  - (a) to be a partner of the firm; or
  - (b) to have any financial interest in the firm,whichever is later.

#### **2. Secretary**

- 2.1 The company secretary of the Company shall be the secretary of the Audit Committee (the “Secretary”).
- 2.2 The Audit Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary.

#### **3. Meetings**

- 3.1 The Audit Committee shall meet at least two times per year.
- 3.2 The Chairman may convene additional meetings at his discretion.

- 3.3 The quorum of the Audit Committee shall be any two members.
- 3.4 Minutes shall be kept by the Secretary. Draft and final versions of minutes shall be circulated to all members of the Audit Committee for their comment and record within a reasonable period of time after each meeting.
- 3.5 An agenda and accompanying papers shall be sent, in full, to all members of the Audit Committee in a timely manner and at least 3 days before the date of a meeting of Audit Committee.

#### **4. Attendance at meetings**

- 4.1 At the invitation of the Audit Committee, other members of the Board or any other persons may attend all or part of meetings.
- 4.2 The Chairman shall attend the Company's annual general meetings and be prepared to respond to any questions from shareholders in respect of the activities of Audit Committee.

#### **5. Responsibility, power and discretion**

The Audit Committee is required to:

##### *Relationship with the Company's auditors*

- 5.1 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;
- 5.2 review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- 5.3 develop and implement policy on the engagement of engaging an external auditor to supply non-audit services;
- 5.4 to act as the key representative body for overseeing the Company's relations with the external auditor;

##### *Review of the Company's financial information*

- 5.5 monitor integrity of the Company's financial statements and the annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Audit 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 Rules Governing the Listing of Securities of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and legal requirements in relation to financial reporting;

*Oversight of the Company's financial reporting system and internal control procedures*

- 5.6 review the Company's financial controls, internal control and risk management systems;
- 5.7 discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system;
- 5.8 consider major investigation on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- 5.9 where an internal audit function exists, 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;
- 5.10 review the financial and accounting policies and practices of the Company and its subsidiaries;
- 5.11 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;
- 5.12 ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- 5.13 to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, 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; and
- 5.14 review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, 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.

**6. Reporting responsibility**

- 6.1 The Audit Committee shall report to the Board after each meeting.

## **7. Authority**

- 7.1 The Audit Committee is authorised by the Board to investigate any activity within this terms of reference and to seek for outside legal or other independent professional advice when it is necessary.
- 7.2 The Audit Committee shall be provided with sufficient resources to discharge its duties.
- 7.3 All employees are directed to cooperate with the Audit Committee.

## **8. Publication of terms of reference**

- 8.1 These terms of reference will be posted on the website of the Main Board of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company.

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