

**Beiren Printing Machinery Holdings Limited**  
**Enforcement Regulations of the Directors Board Audit Committee**

(In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.)

## **Chapter 1 General Provisions**

Article 1 With a view to enhancing the decision-making function of the Board of Directors, enabling pre-audit and professional audit, ensuring the Board's effective supervision of its management, and rationalizing its corporate governance structure, the Company has hereby established the Audit Committee of the Board and formulated this this Enforcement Regulations in accordance with the *Company Law of the People's Public of China, the Code of Corporate Governance for Listed Companies, its Articles of Association* and the other relevant regulations.

Article 2 The Audit Committee of the Board is a dedicated body established under the Board to be primarily responsible for coordinating, overseeing and inspecting internal and external audits.

## **Chapter 2 Personal Composition**

Article 3 The Audit Committee shall consist of three directors, the majority of whom shall be independent directors. At least one member must be an independent director with professional accounting qualifications.

Article 4 The members of the Audit Committee shall be nominated by the Chairman of the Board, at least one half of independent directors, or one-third of the total Board members, and elected by the Board.

Article 5 The Audit Committee shall have one chairman (convener) who shall be an independent director and is responsible for chairing the Audit Committee. The chairman shall be elected from the members of the Committee and appointed with the approval of the Board.

Article 6 The term of office of the Audit Committee shall be identical to that of the Board. A member may offer himself/herself for re-election upon the expiration of his/her term of office. Any member of the Audit Committee who no longer holds office as a director of the Company during the term shall automatically cease to be a member of the Committee, and the vacancy shall be filled by the other Committee member with the arrangement of the Committee in light of Articles 3 to 5 above.

Article 7 The Secretariat of the Audit Committee is established under the Audit Legal Department, which is responsible to perform the daily audit function.

### **Chapter 3 Duties and Authorities**

Article 8 The main duties and authorities of the Audit Committee include: (i) to propose appointment or change of the external auditors; (ii) to oversee the Company's internal audit system and its implementation; (iii) to coordinate internal and external audits; (iv) to review the Company's financial information and its disclosure; (v) to review major financing plans submitted to the Board; (vi) to review the Company's budget, final accounts and key adjustment plans submitted to the Board as well as significant off-budget items; (vii) to review the Company's internal control system, perform internal control check, assess internal control defects and oversee rectification; (viii) to audit significant related transactions; and (ix) other matters as authorized by the Board.

Article 9 In addition to the above duties and authorities, in the preparation of annual reports by the Company, the Audit Committee shall negotiate with the Company's accounting firm to determine the schedule for auditing the annual financial reports, urge the accounting firm into submitting its audit reports within an agreed timeframe, and record the method, time and results of such urging as well as signature confirmation by the person in charge in writing. The

Committee shall, before the access of the certified public accountants (hereafter referred to as "CPAs") providing the audit of the annual reports for the Company, review the financial statements prepared by the Company and give written opinions; after the access of the CPAs, keep good communication with the CPAs, review the financial statements again and give written opinions after the CPAs give their preliminary audit opinions. It shall vote on annual financial statements and submit the resolution so formed to the Board for review, while submitting a summary report on the annual audit performed by the accounting firm for the Company and the resolution on re-appointment or change of accounting firm. The above documents by the Audit Committee shall all be disclosed in the Company's annual reports.

Article 10 The Audit Committee shall report to the Board and submit its proposals to the Board for review. It shall coordinate supervisory audit by the Board of Supervisors.

#### **Chapter 4 Decision-making Procedures**

Article 11 The Audit Legal Department is responsible to make preliminary preparation for decision-making by the Audit Committee and to provide information in respect of the Company, including: (i) the Company's financial reports; (ii) work reports of internal and external auditors; (iii) external audit contracts and relevant work reports; (iv) the Company's information disclosure; (v) audit reports on the Company's significant related transactions; and (vi) other relevant matters.

Article 12 The Audit Committee meetings review reports offered by its secretariat and submit the resolutions so formed on the following matters in writing to the Board for discussion: (i) evaluation of work conducted by and the appointment and change of external auditors; (ii) whether the internal audit

system has been implemented effectively and whether the Company's internal financial analysis reports are complete and true; (iii) whether information disclosed by the Company including financial reports is objective and full and whether the Company's significant related transactions are compliant with the laws and regulations; (iv) evaluation of work conducted by the financial and audit divisions of the Company, including their persons in charge; (v) the Company's annual budget and adjustment plan; (vi) implementation of the Company's annual budget; and (vii) other relevant matters.

### **Chapter 5 Procedural rules**

Article 13 At least four meetings of the Audit Committee shall be held on demand from time to time each year. Five- day-in-advance notice shall be given to all members before each meeting. The chairman of the Committee shall chair the meetings. If he/she is unable to be present, the chairman may authorize any other member (independent director) to chair the meeting.

Article 14 Two-thirds of the members are required to constitute a quorum of an Audit Committee meeting. Each member shall be entitled to one vote. Resolutions at any meetings shall be passed by a simple majority of votes of all the members.

Article 15 Votes shall be taken on a show of hands or on a poll.

Article 16 The Audit Committee accepts written proposals as substitute for Audit Committee meetings, subject to written consent from a simple majority of all the members.

Article 17 Members of the audit secretariat may be present at an Audit Committee meeting. Where necessary, directors, supervisors or any other

persons whom the Committee believes need to attend the meeting may be invited to be present at the meeting.

Article 18 Intermediaries may be engaged by the Audit Committee at the expense of the Company to give professional advice on its decision-making if necessary.

Article 19 The holding of an Audit Committee meeting, voting processes and resolutions passed at the meeting shall be compliant with laws, regulations, the Company's *Articles of Association* and provisions herein.

Article 20 Minutes shall be taken on all meetings of the Audit Committee and signed by each attending member. All meeting minutes shall be kept by the Secretary of the Board for five years.

Article 21 Resolutions passed at an Audit Committee meeting and voting results thereon shall be submitted to the Board in writing.

Article 22 All members present at Audit Committee meetings shall be obliged to keep confidential all matters discussed at the meeting and shall not disclose such information without authorization.

### **Chapter 6 Addendum**

Article 23 The Enforcement Regulation shall take effect from the date the resolution is passed by the Board.

Article 24 In case of matters not covered herein, the relevant state laws, regulations and the *Articles of Association* of shall apply. In case any of the Enforcement Regulation conflicts with the state laws and regulations which are

to be issued in the future or the *Articles of Association* as legally modified, the relevant state laws, regulations and the *Articles of Association* shall prevail. In such case, corresponding amendments shall be made to the terms of reference immediately and submitted to the Board for approval.

Article 25 The Enforcement Regulations shall be construed and interpreted by the Board of the Company.