

CHINA OVERSEAS PROPERTY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2669)

AUDIT COMMITTEE

TERMS OF REFERENCE

1. Constitution

- 1.1 The board of directors (the “**Board**”) of China Overseas Property Holdings Limited (the “**Company**”) has resolved to establish a committee of the Board to be known as the Audit Committee (the “**Committee**”).

2. Membership

- 2.1 The Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three members, a majority of whom should be independent non-executive directors, and at least one of whom shall be with appropriate professional qualifications or accounting or related financial management expertise.
- 2.2 The chairman of the Committee must be an independent non-executive director, who shall be appointed or removed by the Board’s decision.
- 2.3 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 from the date of 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 Committee (the “**Secretary**”).

4. Meetings

- 4.1 Meetings shall be held not less than two times a year and may be convened by any member of the Committee (the “**Member**”) or by the Secretary on the request of a Member.
- 4.2 Notice of regular meetings shall be given to all Members at least 14 days before the meeting and may be given in writing or by telephone or by facsimile or electronic transmission or other similar means or in such other manner as the Committee may from time to time determine. For all other meetings, reasonable notice should be given.

- 4.3 For a regular meeting of the Committee, and as far as practicable in all other cases, an agenda and accompanying meeting papers should be sent, in full, to the Members. These should be sent in a timely manner and at least 3 days before the intended date of the meeting (or other agreed period).
- 4.4 A quorum shall be two Members. Members may participate in any meeting of the Committee by means of a conference telephone, electronic or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.
- 4.5 Resolutions of the Committee at any meetings shall be passed by a simple majority of votes of the Members present.
- 4.6 A resolution in writing signed by all the Members shall be as valid and effectual as if a resolution had been passed at a meeting of the Committee duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Members.
- 4.7 Proceedings of meetings of the Committee shall be governed by the provisions contained in the Articles of Association of the Company.
- 4.8 Draft and final versions of minutes of meeting of the Committee shall be sent to all Members for their comment and records respectively within a reasonable time after the meeting is held. Final version of minutes of meetings shall be kept by the Secretary and open for inspection by the Members and the Board.
- 4.9 All minutes of meeting of the Committee should record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed.
- 4.10 At the invitation of the Committee, other members of the Board and any other persons may be invited to attend all or part of any meetings.
- 4.11 Only Members of the Committee are entitled to vote at the meetings. In the case of an equality of votes, the Chairman of the Committee shall have the casting vote.

5. Authority

- 5.1 The Committee shall have the right to require the Company's management to furnish such available information on any matter relating to the financial position of the Company and its subsidiaries or affiliates, as may be required for the purpose of performing its duties. The information supplied must be complete and reliable.
- 5.2 The Committee is authorised by the Board to seek independent legal or other professional advice in appropriate circumstances, to perform its duties at the expense of the Company.
- 5.3 The Committee shall be provided with sufficient resources to perform its duties.

6. Duties, responsibilities and powers

The duties, responsibilities and powers of the Committee shall be:

Relationships with the Company's auditors

- 6.1 to act as the key representative body for overseeing the Company's relations with the external auditor;
- 6.2 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;
- 6.3 to consider all relationships between the Company and the audit firm (including non-audit services), and to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- 6.4 to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 6.5 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;

- 6.6 to ensure that the external auditor's provision of non-audit services does not impair its independence and objectivity. When assessing the external auditor's independence or objectivity in relation to non-audit services, the Committee may consider: (i) whether the skills and experience of the audit firm make it a suitable supplier of non-audit services; (ii) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit because the external auditor provides non-audit services; (iii) the nature of the non-audit services, the related fee levels and fee levels individually and in total relative to the audit firm; and (iv) criteria for compensation of the individuals performing the audit;
- 6.7 to agree with the Board on the Company's policies on hiring employees or former employees of the external auditor and monitoring the application of these policies to ensure that there is no and does not appear to be any impairment of the external auditor's judgment or independence for the audit;
- 6.8 to obtain from the audit firm annually information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those for rotation of audit partners and staff;
- 6.9 to meet with the external auditor at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the external auditor may wish to raise;
- 6.10 to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Review of the Company's financial information

- 6.11 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; (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 the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited and legal requirements in relation to financial reporting;

6.12 Regarding 6.11 above, (i) Members 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;

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

6.13 to review the Company's financial controls, risk management and internal control systems;

6.14 to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include (i) any unusual and significant issue(s) from these systems raised by relevant parties from time to time; and (ii) the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

6.15 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;

6.16 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;

6.17 to review the financial and accounting policies and practices of the Company and its subsidiaries;

6.18 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 Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

6.19 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;

6.20 to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

6.21 to report to the Board on the matters set out in these Terms of Reference; and

6.22 to consider other topics, as defined by the Board.

7. Reporting procedures

7.1 The Committee shall report to the Board on a regular basis. The Chairman of the Committee shall report the findings and recommendations of the Committee, if any, at the next Board meeting following a meeting of the Committee. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

Remark : "senior management" should refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under Appendix 16 to the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited.

Adopted: 9 October 2015

Amended: 31 August 2022