



Z-Obee Holdings Limited

(incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 948)

(Singapore Stock Code: D5N)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Audit Committee (the “**Audit Committee**”) is a committee of non-executive directors appointed by and reports to the board (the “**Board**”) of directors (the “**Directors**”) of Z-Obee Holdings Limited (the “**Company**”).

The role of the Audit Committee is to assist the Board with discharging its responsibility to:

- safeguard the Company’s assets;
- maintain adequate accounting records;
- develop and maintain effective systems of internal controls;
- ensure integrity of financial statements; and
- provide arrangements whereby concerns on financial improprieties or, other matters raised by ‘whistle-blowers’ are investigated and appropriate follow up action taken.

The overall objective of the Audit Committee is to ensure that the management (“**Management**”) of the Company has created and maintained an effective control environment in the Company and that Management demonstrates and stimulates the necessary respect of the internal control structure among all parties.

As a sub-committee of the Board, the Audit Committee provides a channel of communication between the Board, Management, the internal auditors and the external auditors, on matters arising out of the internal and external audits.

The terms of reference proposed for the Audit Committee are hereto as below.

1. MEMBERSHIP

- 1.1 The Audit Committee shall be appointed by the Board from amongst its members, and shall comprise at least three (3) members.
- 1.2 All members shall be non-executive Directors of the Company, a majority of whom shall be independent.
- 1.3 The chairman (the “**Chairman**”) shall be elected by members and shall be an independent non-executive Director.

1.4 Members shall be appropriately qualified to discharge their responsibilities. At least two members shall have accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgment.

1.5 The Board may consider a Director as independent if he has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere with his exercise of independent business judgment in carrying out his functions as a member of the Audit Committee.

If the Board wishes, in spite of the existence of one or more of these relationships, to consider a Director as independent, the Company should disclose in full the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent. Conversely, the nominating committee ("**Nominating Committee**") may determine that a Director is non-independent even if he has no business or, other relationships with the Company, its related companies or its officers.

1.6 On appointment, and thereafter, on an annual basis, every member shall complete a return (Annex I) as to his independence.

The Board shall review the return to decide if a Director is to be considered independent.

1.7 An independent member shall immediately notify the company secretary (the "**Company Secretary**") of any change in circumstances that may result in him not being able to meet the criteria for independence.

The Board may, after considering the change in circumstances, require the resignation of the member, in compliance with provisions of the Audit Committee's terms of reference and/or any other statutes, rules or regulations.

The Board may, as a result of the resignation, re-constitute the Audit Committee before the next scheduled meeting.

1.8 Except for Clause 1.9, a member who wishes to retire or resign from the Audit Committee shall notify the Board in writing, giving at least one (1) month's notice.

1.9 The office of a member shall become vacant upon the member's death/ resignation/ retirement/ removal or disqualification as a Director of the Company.

1.10 Any vacancy in the Audit Committee shall be filled within two months, and in any case, no later than three months.

2. ADMINISTRATION

2.1 Meetings

- (a) The meetings of the Audit Committee may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the minutes of such a meeting signed by the Chairman shall be conclusive of any meeting conducted as aforesaid.
- (b) In the absence of the Audit Committee Chairman at any meeting, another independent Director shall preside at that meeting.
- (c) Meetings shall be held at least four times at year.

These meetings should be held:

- (i) prior to the commencement of the annual external audit;
 - (ii) prior to the Board's approval of the quarterly results;
 - (iii) after the completion of the annual external audit and prior to the Board's approval of the final results.
- (d) The external auditors or the head of internal auditors may request a meeting if they consider that a meeting is necessary.
 - (e) Meetings should be attended by:
 - Finance Director / manager / chief financial officer ("**CFO**") / financial controller
 - Head / representatives of internal auditors
 - Representatives of external auditors
 - (f) The Audit Committee shall have full discretion to invite any Director or Management to attend its meetings.
 - (g) The secretary (the "**Secretary**") of the Audit Committee shall be the Company Secretary of the Company for the time being or, such other person as may be nominated by the Audit Committee.
 - (h) The Secretary shall attend all meetings and minute the proceedings thereof.
 - (i) The Secretary shall keep the minutes of all meetings of the Audit Committee.
 - (j) Minutes of all meetings shall be confirmed by the Chairman of the meeting and circulated to all the members of the Audit Committee.

- (k) If the Chairman so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of minutes of Audit Committee meetings.
- (l) The notice of each meeting of the Audit Committee, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the Audit Committee at least **three (3)** working days prior to the date of the meeting.

2.2 Quorum

The quorum shall be two (2) members, including at least one independent non-executive Director.

2.3 Voting

A resolution shall be considered passed if:

- (a) there is a majority of votes passed in favour of the resolution during a meeting of the Audit Committee, or
- (b) there is agreement in writing by a majority of members entitled to participate in the decision.
- (c) Important issues may be resolved via telephone or, email and, confirmed by a circular resolution, if required.

In the event of an equality of votes, the Chairman **shall not** have a casting vote.

Any member who has an interest in any matters being reviewed or considered by the Audit Committee shall abstain from voting on the matter.

2.4 Audit Committee Resolutions in Writing

The Audit Committee may pass resolutions by circulation. A resolution in writing signed by at least two (2) Audit Committee members, including at least one independent non-executive Director, shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. These resolutions may consist of several documents in original or facsimile in the like form each signed by one or more members.

3. DUTIES

The duties of the Audit Committee shall be:

- 3.1 To review with the external auditors:
 - (a) the audit plan, including the nature and scope of the audit before the audit commences
 - (b) their evaluation of the system of internal controls
 - (c) their audit report
 - (d) their management letter and Management's response
- 3.2 To ensure co-ordination where more than one audit firm is involved.
- 3.3 To review the quarterly and annual financial statements before submission to the Board for approval, focusing in particular, on:
 - (a) changes in accounting policies and practices
 - (b) major risk areas
 - (c) significant adjustments resulting from the audit
 - (d) the going concern statement
 - (e) compliance with accounting standards
 - (f) compliance with stock exchange and statutory/regulatory requirements
 - (g) any significant financial reporting issues and judgments so as to ensure the integrity of the financial statements, and
 - (h) all announcements relating to the Company's financial performance
- 3.4 To review the financial statements of the Company and the consolidated balance sheet and profit and loss account, before approval by the Board.
- 3.5 To discuss problems and concerns, if any, arising from the quarterly and final audits, in consultation with the external auditors and the internal auditors where necessary.
- 3.6 To meet with the external auditors and with the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have.
- 3.7 To review the assistance given by Management to the external auditors.

- 3.8 To review annually the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the external auditors.

Where the auditors also provide non-audit services to the Company, to review the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be compromised.

- 3.9 To review the internal audit programme and ensure co-ordination between the internal and external auditors and Management.
- 3.10 To review the scope and results of the internal audit procedures.
- 3.11 To review the adequacy of the Company's internal financial controls, operational and compliance controls and risk management policies and systems.
- 3.12 To review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the operating results or financial position of the Company and its subsidiaries (the "**Group**"), and Management's response.
- 3.13 To review arrangements by which staff of the Company or of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters and, to conduct an independent investigation of such matters for appropriate follow up action.
- 3.14 To investigate any matter within its terms of reference, with full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.
- 3.15 To report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee.
- 3.16 To review interested person transactions falling within the scope of the Listing Manual of The Singapore Exchange Securities Trading Limited ("**SGX-ST Listing Manual**") (including transactions that fall within the scope of Rule 912, i.e. the review and approval of proposed sale(s) of any units of property projects to the Company's interested persons and/or relatives of a Director, chief executive officer ("**CEO**") or controlling shareholder) and the connected transactions falling within the scope of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HKSE Listing Rules**") (including transactions that fall within the scope of Chapter 14A of the Listing Rules of Stock Exchange, i.e. the review and approval of proposed sale(s) of any units of property projects to the Company's connected persons and/or relatives of a Director, CEO or controlling shareholder).

- 3.17 To undertake such other reviews and projects as may be requested by the Board.
- 3.18 To undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual or the HKSE Listing Rules and by such amendments made thereto from time to time.
- 3.19 To consider the appointment/re-appointment of the external auditors, the audit fee and matters relating to the resignation or dismissal of the auditors.

4. REPORTING PROCEDURE

The Audit Committee shall report to the Board the outcome of its reviews and discussions with the external auditors and its findings on any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules or regulations, or suspected improprieties in matters of financial reporting or other matters, which has or is likely to have a material impact on the operating results or financial position of the Company and the Group.



Z-Obee Holdings Limited

(incorporated in Bermuda with limited liability)

(于百慕达注册成立的有限公司)

(Hong Kong Stock Code: 948)

(香港股份代号: 948)

(Singapore Stock Code: D5N)

(新加坡股份代号: D5N)

CONFIRMATION OF INDEPENDENCE

独立声明报表

I confirm the following:

本人确认下列属实:

- a) That I *am/am not an executive director (the “**Director**”) of **Z-OBEE HOLDINGS LIMITED** (the “**Company**”) or any of its related companies and *have/have not been employed by the Company or any of its related companies in the immediate past three financial years.
本人 *是/不是 **Z-OBEE HOLDINGS LIMITED** (简称「公司」)或其任何关联公司的执行董事(简称「董事」), 并且在过去三个财政年内 *曾经/未曾受雇于公司或其任何关联公司。
- b) That I *have/do not have an immediate family member (*spouse/parent/brother/sister, son or adopted son or step-son or daughter or adopted daughter or step-daughter) who is, or has been in the immediate past three financial years, employed by the Company or any of its related companies as a senior executive officer whose remuneration is determined by the Company's remuneration committee (the “**Remuneration Committee**”).
本人 *的/没有任何一位直系家属 (*配偶/父母/兄弟/姐妹/子女或养子或养女或继子或继女) 是现受雇或在过去三个财政年内曾在公司或其关联公司担任高级执行人员的职位, 且薪酬由公司的薪酬委员会(简称「**薪酬委员会**」)决定。
- c) That I, or an immediate family member (*spouse/parent/brother/sister, son or adopted son or step-son or daughter or adopted daughter or step-daughter) *have/have not accepted any compensation from the Company or any of its related companies other than fees for acting as a Director of the Company for the current or immediate past financial year.
本人, 或一位直系家属 (*配偶/父母/兄弟/姐妹/子女或养子或养女或继子或继女) 在现年或在过去一个财政年内 *曾经/未曾接受公司或其任何关联公司的董事费以外的酬劳。
- d) That I, or an immediate family member (*spouse/parent/brother/sister, son or adopted son or step-son or daughter or adopted daughter or step-daughter) *am/am not *a substantial shareholder of *or a partner in (with 5% or more stake), *or an executive officer of, or *a Director of any for-profit business organisation to which the Company made, *or from which the Company received, significant payments (aggregated over any financial year in excess of S\$200,000) in the current or immediate past financial year.
本人, 或一位直系家属 (*配偶/父母/兄弟/姐妹/子女或养子或养女或继子或继女) *是/不是任何在现财政年或上一个财政年内接受公司支付*或向公司支付大额款项 (在任何财政年内合计超过20万新元) 的营利商业组织的 *主要股东 *或合伙人 (持有超过 5% 或以上的参与权益) *或高级执行人员*或董事。

- e) That I *do/do not have a relationship with the Company, its related companies or its officers that could interfere or be reasonably perceived to interfere, with my exercise of independent business judgment with a view to the best interests of the Company and in carrying out my functions as an independent Director and as a member of any board committee(s) (the “**Board Committee(s)**”).
本人与公司、其关联公司或其高级执行人员 *存有/不存有任何可能干涉或在合理预想中可能干涉本人行使对公司最有益的独立商业决定及本人执行独立董事以及身为任何董事会附属委员会（简称「**董事会附属委员会**」）成员的职责的关系。
- 6.* I am able to carry out my duties as a Director of the Company and to address any competing time commitments that may arise, notwithstanding that I currently serve as a Director on the boards of other companies.
本人作为本公司董事能够完成我的职责和处理可能产生的时间承诺平衡问题，尽管我目前担任其他公司董事。
- 7.* I am the chairman (the “**Chairman**”) of the nominating committee (the “**Nominating Committee**”) and I am not, or is not directly associated⁽¹⁾ with, a substantial shareholder.
本人是提名委员会（简称「**提名委员会**」）主席（简称「**主席**」），并与主要股东没有任何直接关系⁽¹⁾。

If any of the relationships stated above exist, please provide details:

若上述关系存在，请在以下栏目中提供具体资料：

In view of the foregoing, I am to be considered independent/not independent* of the Company's management (the “**Management**”) as contemplated by the Code of Corporate Governance.
有鉴于上述，公司管理层（简称「**管理层**」）将根据公司治理准则视本人为 *独立/非独立董事。

Name 姓名:

Date 日期:

* delete where inapplicable.

* 请删除不适用部分

⁽¹⁾ A Director will be considered “directly associated” to a substantial shareholder when the Director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

当董事在正式或非正式的情况下，习惯于或有义务的按照任何主要股东的指示或意愿办事，他将被视为与该主要股东有“直接关系”。