

BEIJING ENTERPRISES HOLDINGS LIMITED

Composition and Terms of Reference of the Rule of Law and Compliance Committee

CHAPTER I GENERAL PROVISIONS

Article 1 To enhance the corporate governance structure of Beijing Enterprises Holdings Limited (the “Company”), strengthen rule of law development and compliance management, and improve the standard of operation and decision-making in compliance with the law, the Rule of Law and Compliance Committee (the “Committee”) is hereby established pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the New Articles of Association of Beijing Enterprises Holdings Limited (the “Articles”), and the terms of reference (the “Terms of Reference”) are hereby formulated to govern the Committee.

Article 2 The Committee is a professional committee established under the board of directors of the Company (the “Board”). It shall operate within the scope of the authority delegated by the Board and shall be accountable to the Board.

Article 3 The primary responsibilities of the Committee are to guide, oversee, and evaluate the rule of law development and compliance management systems of the Company, to promote operations and decision-making in compliance with applicable laws and regulations, to prevent legal and compliance risks, and to enhance corporate governance standards.

CHAPTER II COMPOSITION AND MEMBERSHIP

Article 4 The Committee shall consist of not less than three directors of the Company (the “Members”). The Members shall include at least one independent non-executive director of the Company, and the total number of Members shall be an odd number.

Article 5 At least one Member shall possess the relevant professional background or experience in law, compliance, risk management, or corporate governance matters.

Article 6 Members shall be nominated by the Nomination Committee of the Board and appointed upon review and approval by the Board. The Committee shall have a chairman (the “Chairman”) who shall be elected among the Members through negotiation, and whose appointment shall be subject to approval by the Board.

Article 7 The term of office of a Member shall be the same as his or her term of office as a director of the Company. A Member may be eligible for re-election. When a Member ceases to be a director of the Company, his or her term of office and position in the Committee shall terminate automatically.

Article 8 The Company Secretary shall act as the secretary of the Committee who will be responsible for the daily affairs of the Committee and the organisation of the Committee meetings (the “Meetings”).

CHAPTER III DUTIES, AUTHORITIES AND FUNCTIONS

Article 9 The Committee shall exercise the following duties, which cover the two major functions of rule of law development and compliance management:

1. Rule of Law Development Functions

(a) to guide and oversee the planning and implementation of the rule of law development of the Company, and to promote the improvement of the corporate governance structure under the modern enterprise system with Chinese characteristics;

(b) to review the rule of law development strategy of the Company, fundamental system, annual work report, and significant legal risk management matters;

(c) to receive reports on the progress of the rule of law development work and to make recommendations to the Board;

(d) to guide and oversee the development of the corporate legal talent team and the cultivation of the rule of law culture;

(e) to study and make recommendations on the evaluation and assessment system for the rule of law development of the Company and its major subsidiaries.

2. Compliance Management Functions

(a) to guide, oversee, evaluate, and make recommendations on the establishment, implementation, and effectiveness of the Company’s compliance management system;

(b) to review the Company’s compliance management strategic planning, policy, fundamental system, annual compliance report, and plans for addressing significant compliance risks;

(c) to receive regular reports on compliance management, to study key and difficult issues in compliance management, and to make recommendations to the Board;

(d) to oversee the building of the Company’s compliance culture;

(e) to oversee the corporate compliance with the Listing Rules, laws and regulations, and business ethics, and to promote integrity in its operations.

3. Other Responsibilities

(a) to consider other material matters relating to rule of law and compliance that are required to be considered and decided by the Committee;

(b) to exercise other relevant authorities as resolved or authorised by the Board.

Article 10 The Committee has the authority to:

1. request relevant departments and personnel of the Company to provide necessary information;
2. engage external experts or advisers to provide professional opinions;
3. attend or receive reports from relevant meetings;
4. hold discussion meetings or conduct interviews with relevant personnel.

CHAPTER IV PROCEEDINGS OF MEETINGS

Article 11 Meetings shall be convened and chaired by the Chairman. If the Chairman is unable to perform his or her duties, he or she may appoint a Member in writing to chair the meeting on his or her behalf.

Article 12 The Committee shall meet at least twice a year. Additional meetings may be held as and when necessary, subject to the consent of more than one-third of the Members.

Article 13 Meeting materials shall be sent to all Members at least three days in advance before a Meeting is held. The meeting materials shall include the notice, agenda, discussion items, and relevant supporting documents.

Article 14 Meetings may be held by way of physical meeting, telephone conference, video conference, or a combination of the above methods.

Article 15 The Chairman may decide to considered matters by way of a resolution in writing, and such written resolution shall have the same effect as resolutions passed at a meeting.

Article 16 A quorum for a Meeting shall be more than half of the Members attending the Meeting.

Article 17 The Committee may, when necessary, invite relevant personnel of the Company (including but not limited to the Company Secretary, General Counsel, Chief Financial Officer and heads of departments), external experts, or advisers to attend Meetings.

Article 18 Matters discussed at a Meeting shall be decided by a vote of the Members present at the Meeting. A matter shall be approved if it receives the affirmative vote of more than half of the Members present at the Meeting. In the case of an equality of votes, the Chairman shall have the casting vote.

CHAPTER V MEETING MATERIALS, MINUTES AND RESOLUTIONS

Article 19 The secretary of the Committee shall be responsible for the preparation and distribution of meeting materials, which shall include at least the following:

1. Notice of Meeting (specifying the time, place, method, and discussion items of the Meeting, etc.);
2. Agenda (detailing the discussion items, sequence, presenters, and attendees, etc.);
3. Discussion item reports and materials (prepared by the department initiating the discussion item);
4. Voting slips (if applicable).

Article 20 Formal minutes of the Meeting shall be prepared, which shall include the following:

1. Basic Meeting Information: time, place, chairman, list of Members present and attendees;
2. Matters Considered: record the key points of each proposal report, members' discussion opinions, and questions;
3. Voting Results: the outcome of the vote on each proposal;
4. Other matters that need to be recorded.

Article 21 The minutes of a Meeting shall be finalised within a reasonable period of time after the Meeting and shall be circulated to the Members present for their review and signature confirmation.

Article 22 A resolution of the Meeting shall be prepared based on the voting results. The resolution shall be clear and unambiguous, and shall include (if applicable) the matter resolved, conditions for effectiveness, implementation requirements, and the responsible department.

Article 23 Resolutions of the Meeting shall be signed by the Members present. The text of the resolutions shall be distributed to the relevant implementing department.

Article 24 All documents and records of the Meeting shall be centrally archived by the Corporate Governance Department.

CHAPTER VI REPORTING PROCEDURES

Article 25 The Committee shall regularly report its work and findings to the Board on an annual basis.

CHAPTER VII SUPPLEMENTARY PROVISIONS

Article 26 The Terms of Reference shall take effect from the date of approval by the Board.

Article 27 The Terms of Reference shall be formulated, amended, and interpreted by the Corporate Governance Department under the authorisation of the Board.