

China International Development Corporation Limited

中聯發展控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(the “**Company**”)

Audit Committee – Terms of Reference

(Revised and adopted on 30 December 2022)

1. Constitution

- 1.1 The Audit Committee (the “**Committee**”) is established pursuant to a resolution passed by the Board of Directors (the “**Board**”) of the Company at its meeting held on 18 February 2003.

2. Membership

- 2.1 The Audit Committee shall be appointed by the Board. It shall consist of not less than 3 members appointed from amongst the non-executive directors, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The majority of the Committee members must be independent non-executive directors.
- 2.2 A quorum shall be 2 members and one of them must be an independent non-executive director.
- 2.3 A former partner of the Company’s existing auditing firm is prohibited from acting as a member of the Committee for a period of two years from the date of the person ceasing:
- (a) to be a partner of the firm; or
 - (b) to have any financial interest in the firm,
- whichever is later.
- 2.4 The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.
- 2.5 The Company Secretary of the Company or his/her delegate shall be the secretary of the Committee.

3. Attendance

- 3.1 The Group Financial Controller, the Company Secretary, the head of internal audit (where an internal audit function exists), and representatives of the external auditors shall normally attend meetings. However, at least once a year the Committee shall meet with the external auditors without other executive Board members present. Other members of the Board may attend meetings of the Committee although only Committee members are entitled to vote at such meetings.

4. Frequency of meetings

- 4.1 Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

5. Notice

- 5.1 Notice of any meetings of the Committee has to be given at least 7 days prior to any such meeting being held, unless all Committee members unanimously waive such notice.

6. Minutes

- 6.1 Full minutes of the Committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of minutes of the meetings should be sent to all committee members for their comment and records within a reasonable time after the meeting.

7. Authority

- 7.1 The Committee shall report to the Board any suspected frauds or irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention.
- 7.2 The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 7.3 The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 7.4 The Committee shall be provided with sufficient resources to discharge its duties.

8. Duties

The duties of the Committee shall be:

8.1 Relationship with the Company's auditors

- (a) to make recommendation 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;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) to review and discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences and ensure co-ordination where more than one audit firm is involved;
- (d) 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. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

8.2 Review of financial information of the Company

- (a) to monitor the integrity of the Company's financial statements and the annual report and accounts and half-year report and, if prepare for publication, quarterly reports and to review significant financial reporting judgments contained in them. In reviewing these reports and accounts of the Company before submission to the Board, the Committee shall focus particularly on:
 - i. any changes in financial reporting and 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 Listing Rules and legal requirements in relation to financial reporting.

(b) with regard to the preparation of the reports and accounts referred to above, the Committee should liaise with the Board and senior management and meet, at least twice a year, with the external auditor; and consider any significant or unusual items that are, or may need to be, reflected in the report and accounts referred to above, and to give due consideration to any matters that have been raised by the staff responsible for the accounting and financial reporting function, compliance officer or auditors of the Company.

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

- (a) to review the financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the risk management and internal control systems of the Company, and such risks would include, amongst others, material risks relating to Environmental, Social and Governance (“ESG”);
- (b) to discuss the risk management and internal control systems with management of the Company to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting function, as well as those relating to the Company's ESG performance and reporting;
- (c) 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;
- (d) (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;
- (e) to review the group's financial and accounting policies and practices;
- (f) to review the management letter of the external auditor, any material queries raised by the auditor to management of the Company about accounting records, financial accounts or systems of control and the response of management of the Company;

- (g) to ensure that the Board will provide a timely response to the issues raised in the management letter of the external auditor;
- (h) to establish a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Committee (or any designated committee comprising a majority of independent non-executive directors) about possible improprieties in any matter related to the Company; and
- (i) to review arrangements for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow up action; and
- (j) act as the key representative body for overseeing the Company's relations with the external auditor.

8.4 Others

- (a) to ensure the Company's practices and procedures with respect to related party transactions are adequate for compliance with the requirements under the Listing Rules;
- (b) to review from time to time as appropriate these Terms of Reference and recommend to the Board any necessary changes;
- (c) to report to the Board on the matters in the code provisions contained in the Corporate Governance Code set out in (and as amended from time to time) Appendix 14 to the Listing Rules; and
- (d) to consider other topics or matters, as defined by the Board.

9. Reporting Responsibilities

- 9.1 The Committee should report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).