

OCI INTERNATIONAL HOLDINGS LIMITED

東建國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(the “**Company**”)

AUDIT COMMITTEE – TERMS OF REFERENCE

Latest Revision Date: 30 December 2022

Previous Revision Date: 30 January 2019

1. Membership

- 1.1 Members of the Audit Committee shall be appointed by the board of directors of the Company (the “**Board**”) and must consist of a minimum of three members (the “**Members**”).
- 1.2 Membership shall be confined to non-executive directors of the Company, the majority of which must be independent non-executive directors of the Company (“**INEDs**”) and at least one INED with appropriate professional qualifications or accounting or related financial management expertise as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).
- 1.3 The Chairman of the Audit Committee shall be an INED.
- 1.4 A former partner of the Company’s existing auditing firm shall be prohibited from acting as a Member of the Audit Committee for a period of two years from the later of (a) the date of his/her ceasing to be a partner of that firm; or (b) the date of his/her ceasing to have any financial interest in that firm, whichever is later.

2. Secretary

- 2.1 The Company Secretary shall be the secretary of the Audit Committee (the “**Secretary**”).
- 2.2 The Audit Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary.

3. Meetings

- 3.1 The Audit Committee shall meet at least twice each year. The Company's external auditor may request that a meeting be held if consider necessary.
- 3.2 Notice of any meeting has to be given at least 7 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member. Notice of any adjourned meeting is not required if adjournment is for less than 14 days.
- 3.3 The quorum of the Audit Committee shall be two and one of them must be an INED. A dulyconvened meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion vested in or exercisable by the Audit Committee.
- 3.4 Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a telephone or similar communication equipment or through electronic means of communication where all persons participating in the meeting are capable of hearing each other.
- 3.5 Resolutions of the Audit Committee at any meeting shall be passed by a majority of votes of the Members present.
- 3.6 A resolution in writing signed by all the Members of the Audit Committee shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.
- 3.7 Full minutes of a meeting shall be kept by the Secretary. Draft and final versions of minutes shall be circulated to all Members for their comment and records within a reasonable period of time after the meeting. Such minutes shall be open for inspection at any reasonable time on reasonable notice by any director.

4. Attendance at Meetings

4.1 Representatives of the Company's external auditor will meet the Audit Committee 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.

4.2 At the invitation of the Audit Committee, the following persons may attend the meeting:

- (i) Financial Controller or Head of Accounts Department (or person occupying the same position) of the Company; and
- (ii) other members of the Board or other persons.

4.3 Only Members of the Audit Committee are entitled to vote at the meetings.

5. Annual General Meeting

The Chairman of the Audit Committee or in his/her absence, another Member of the Audit Committee, shall attend the Company's Annual General Meeting and be prepared to respond to shareholders' questions on the Audit Committee's activities and its responsibilities.

6. Responsibility, Powers and Discretion

The major responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control system. The Audit Committee shall have the following responsibilities, powers and discretion:

Relationship with the Company's auditor

6.1 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;

6.2 to review and monitor the external auditor's independence and objectivity annually;

- 6.3 to review and monitor the effectiveness of the audit process in accordance with applicable standards and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 6.4 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;
- 6.5 to report to the Board, identify and make recommendations on any matters where action or improvement is needed;
- 6.6 to act as the key representative body for overseeing the Company’s relations with the external auditor;

Review of the Company’s financial information

- 6.7 to monitor integrity of the Company’s financial statements and annual report and accounts, half-yearly report and quarterly reports (if applicable), and to review any significant financial reporting judgements contained in them. In reviewing these reports (if applicable) before submission to the Board, the Audit Committee shall focus particularly on:
 - (a) any changes in accounting policies, standards and practices as well as tax legislature and regulatory developments;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from audit;
 - (d) the going concern assumptions and any qualifications;
 - (e) compliance with accounting standards; and
 - (f) compliance with the Listing Rules, other applicable rules and legal requirements in relation to financial reporting;

6.8 Regarding 6.7 above:

- (a) Members of the Audit Committee should liaise with the Board and senior management;
- (b) the Audit Committee must meet, at least twice a year, with the Company's external auditor to discuss the judgments of key assumptions underlying critical accounting estimates; and
- (c) the Audit 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 person occupying the same position), or external auditor;

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

- 6.9 to review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's risk management and internal control systems, such risks would include, amongst others, material risks relating to Environmental, Social and Governance ("ESG");
- 6.10 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 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;
- 6.11 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;
- 6.12 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;

- 6.13 to review the Company's financial and accounting policies, standards and practices;
- 6.14 to review the external auditor's management letter, any material queries raised by the external auditor to management about the accounting records, financial accounts or systems of control and management's response;
- 6.15 to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- 6.16 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 Audit Committee (or any designated committee comprising a majority of independent non-executive directors) about possible improprieties in any matter related to the Company; and
- 6.17 to review arrangements employees and those who deal with the Company (e.g. customers and suppliers) can use, in confidence and anonymity, to raise concerns about possible improprieties in financial reporting, risk management and internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters for appropriate follow-up action;

Others

- 6.18 to report to the Board on the matters in the code provisions contained in Appendix 14 of the Listing Rules (as amended from time to time);
- 6.19 to consider other topics, as defined by the Board; and
- 6.20 to explain any disagreement in views on the selection, appointment, resignation or dismissal of the external auditors between the Audit Committee and the Board in the corporate governance report.

7. Reporting Responsibilities

- 7.1. The Audit Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

7.2. The Audit 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).

8. Authority

8.1 The Audit Committee is authorised by the Board to inspect all accounts, books and records of the Company.

8.2 The Audit Committee shall have the right to require the Company's management to furnish information on any matter relating to the financial position of the Company, its subsidiaries or affiliates, as may be required for the purposes of discharging its duties.

8.3 Member(s) of the Audit Committee may seek independent professional advice in appropriate circumstances at the Company's expenses to discharge his/her duties as a Member of the Audit Committee to the Company.

Note: Arrangement to seek independent professional advice could be made through the Company Secretary.

8.4 The Audit Committee shall be provided with sufficient resources to perform its duties.

9. Reporting procedures

The Audit Committee should report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Audit Committee, the Chairman of the Audit Committee shall report to the Board on the findings and recommendations of the Audit Committee. At least annually, the Audit Committee should present a report to the Board which addresses the work and findings of the Audit Committee during the year.

10. Publication of the Terms of Reference

The Terms of Reference will be posted on the websites of the Company and The Stock Exchange of Hong Kong Limited. A copy of the Terms of Reference will be made available to any person without charge upon request.