

THE HONGKONG AND SHANGHAI HOTELS, LIMITED
(the “Company”)

AUDIT COMMITTEE
(the “Committee”)

TERMS OF REFERENCE

MEMBERSHIP

The Committee shall have at least three members to be appointed by the Board, with a majority of Independent Non-Executive Directors. At least one member shall have the appropriate qualifications or experience in financial reporting. The Chairman of the Committee shall be an Independent Non-Executive Director of the Company.

The Company Secretary or his or her nominee shall act as the secretary of the Committee.

MEETINGS AND ACCESS

The Committee shall meet at least four times a year and additionally as required. The Chairman of the Committee shall attend the annual general meeting prepared to respond to any shareholder’s questions on the Committee’s activities.

The quorum shall be two members of the Committee, one of whom must be the Chairman of the Committee.

Written resolutions shall be passed and adopted by all Committee members.

The Chairman of the Committee shall meet with the Group General Manager, Audit and Risk Management (or any person acting in such capacity if this position is vacant, the “Internal Auditor”) without management at least once a year. The Committee shall also meet with the external auditor without management at least once a year.

The Committee shall have unrestricted access to the Executive Directors, senior management, the external auditor and Internal Auditor. The Internal Auditor and external auditor shall have the right to contact the Committee without reference to the Executive Directors or other senior management.

MAIN RESPONSIBILITIES

1 *Reviewing the financial and non-financial information of the Company and its subsidiaries (the “Group”)*

- (a) Monitor and review the integrity of financial statements and reports before submission to the Board with particular focus on:
 - (i) reviewing significant financial reporting judgements contained in such documents;
 - (ii) any changes in accounting policies and practices and their application and/or implications;
 - (iii) major judgmental issues and estimates;
 - (iv) significant adjustments resulting from external audit;
 - (v) going concern assumptions and qualifications;

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- (vi) compliance with accounting standards;
 - (vii) adequacy of disclosure;
 - (viii) compliance with the Listing Rules and legal requirements; and
 - (ix) consistency within the financial statements and with prior disclosures.
- (b) Consider significant or unusual items that are, or may need to be, reflected in the report and accounts, and address any matters raised by staff responsible for the accounting and financial reporting function, a compliance officer, Internal Auditor or the external auditor.
 - (c) Report to the Board on the Committee's review of the interim and annual financial statements, and advise formally whether the Board should adopt such statements.
 - (d) Review the assurance of the sustainability data in the Corporate Responsibility and Sustainability Report.

2 *Oversight of the Group's financial reporting system, risk management and internal control systems*

- (a) Review the Group's financial and accounting policies and practices.
- (b) Monitor and review the Group's accounting, risk management and internal control systems, including financial, operational and compliance controls, as well as their ongoing effectiveness. This includes consideration of the adequacy of resources, staff qualifications and experience, available training programmes and budget of the accounting, internal audit, and financial reporting functions as well as those relating to the Company's ESG performance and reporting.
- (c) Review the principal risks of the Group and ensure appropriate management systems are in place to manage those risks.
- (d) 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.
- (e) Ensure co-ordination between the Internal Auditor and external auditor and review and monitor the effectiveness and adequate resourcing of the Audit & Risk Management Department ("ARM").
- (f) Conduct annual audit planning reviews and semi-annual reviews of ARM's internal audit report.
- (g) Meet with the ARM as required for special reviews.

3 *Relationship with the External Auditor*

- (a) Act as the key representative body for overseeing the Company's relations with the external auditor.

- (b) Recommend to the Board and advise on the appointment, re-appointment and removal of the external auditor subject to endorsement by the Board and Shareholders approval, and to approve the remuneration and terms of engagement of the external auditor.
- (c) Review and monitor the external auditor's independence, objectivity and audit process effectiveness, taking into account relevant professional and regulatory requirements.
- (d) Discuss the audit scope, reporting obligations and anticipated audit problems with the external auditor before any audit commences.
- (e) Discuss relevant developments in accounting principles or reporting practices with the external auditor.
- (f) Develop and implement a policy on engaging an external auditor to supply non-audit services, taking account of relevant guidelines and regulatory requirements and review compliance with such policy annually.
- (g) Report to the Board on any matters where action or improvement is needed as identified by the external auditor, including making relevant recommendations.
- (h) Review any management letters from the external auditor, any material queries raised by the external auditor about accounting records, financial accounts or systems of control, and management's response.
- (i) Ensure timely management response to issues raised by the external auditor.
- (j) Meet with the external auditor at least twice a year to discuss the financial statements, and as required for reviews of any accounting, financial reporting or internal control matters.

4 *Corporate Governance*

- (a) Review and endorse the Company's corporate governance policies and practices and make recommendations to the Board.
- (b) Review and monitor the Company's policies and practices on compliance with legal, regulatory requirements and corporate governance standards.
- (c) Review and monitor the Company's Code of Conduct and any compliance manuals.
- (d) Review the Company's compliance with the Corporate Governance Code.
- (e) Review the implementation and effectiveness of the Shareholder Communication Policy annually.
- (f) Review stakeholder engagement annually.

- (g) Review on a regular basis of a speak up policy and appropriate channels for employees and other stakeholders to confidentially and anonymously raise concerns about possible improprieties in financial reporting, internal control or other matters.
- (h) Review the outcome of investigations and ensure that proper arrangements are in place for fair and independent investigations as well as for appropriate follow-up actions.

5 Other responsibilities

- (a) Approve or endorse any recommendations or decisions in accordance with powers granted to it under the Company Management Authority Manual.
- (b) Carry out any other duties as the Board may delegate from time to time.
- (c) Report to the Board on the Committee's key decisions and recommendations.
- (d) Review the Committee's terms of reference periodically and recommend any proposed changes to the Board.

AUTHORITY

The Committee is authorised by the Board, at the Company's expense, to:

- 1 investigate all matters falling within these terms of reference; and
- 2 engage, instruct, appoint, or retain any professional advisor it deems necessary and appropriate in connection with its responsibilities.

Note: The Board approved this set of terms of reference for the Committee on 15 October 2025.