

ORIENT OVERSEAS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with members' limited liability)

Audit Committee – Terms of Reference

1. Constitution, membership and attendance

- 1.1 The Audit Committee is constituted pursuant to bye-law no. 121 of the Bye-Laws of Orient Overseas (International) Limited (the “Company”).
- 1.2 The members of the Audit Committee shall be appointed by the Board of Directors of the Company (the “Board”) from amongst the Non-Executive Directors of the Company and shall consist of at least three members, the majority of whom must be Independent Non-Executive Directors with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.
- 1.3 The Chairman of the Audit Committee shall be appointed by the Board and shall be an Independent Non-Executive Director of the Company. In the absence of the Chairman from any meeting, the remaining members of the Audit Committee present shall elect one of their members to be chairman of the meeting, who shall also be an Independent Non-Executive Director.
- 1.4 A former partner of the Company’s existing external auditor should be prohibited from acting as a member of the Audit 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.
- 1.5 The Head of Internal Audit Department shall be the Secretary and the Company Secretary of the Company shall be the Assistant Secretary of the Audit Committee.
- 1.6 The Audit Committee may invite such other persons, including the Chief Financial Officer, the Group Financial Controller and representative(s) of the external auditor to its meeting as it deems necessary. Other Board members shall also have the right of attendance.

2. Quorum of meetings

- 2.1 A quorum of the meeting shall be two members of the Audit Committee.

3. Frequency of meetings

- 3.1 The Audit Committee must meet at least twice a year with the Company’s external auditor and meetings shall also be held at such other times as any member of the Audit Committee shall require.

- 3.2 The Audit Committee shall meet with the external auditor at least annually, in the absence of management, to discuss matters relating to the Company's audit fees, any issues arising from the audit and any other matters the external auditor or internal auditor may wish to raise.
- 3.3 The Chairman of the Company or the external auditor may request a meeting if they consider it necessary.

4. Notice of meetings

- 4.1 Meetings of the Audit Committee may be convened by the Secretary of the Audit Committee at request of any member of the Audit Committee or by any member of the Audit Committee.
- 4.2 Reasonable notice shall be given, as far as practicable, in writing or by telephone or in such other manner as the Audit Committee may from time to time determine. Any member of the Audit Committee may waive notice of any meeting either prospectively or retrospectively.
- 4.3 The Secretary, in conjunction with the Chairman of the Audit Committee, will draw up an agenda which will be circulated to the members of the Audit Committee together with the materials for the meeting within a reasonable time before the meeting.
- 4.4 Members of the Audit Committee shall have access to information and other materials from the Secretary of the Audit Committee so that they are able to make informed decisions on matters placed before them.

5. Proceedings of meetings

- 5.1 Members of the Audit Committee may participate in any meeting of the Audit Committee by means of a conference telephone or other communications equipment through which all persons participating in the meeting may communicate with each other and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participants were present in person.
- 5.2 Every matter shall be determined by a majority of votes of the members of the Audit Committee present. Each member shall have one vote on the question arising at any meeting, provided that no member shall vote on any matter which would constitute a conflict of interest.
- 5.3 If a member of the Audit Committee has a conflict of interest in any matter to be considered by the Audit Committee, the Secretary shall ensure that such matter shall be dealt with by a physical meeting rather than a written resolution and the affected member shall not be counted in the quorum present at that meeting of the Audit Committee.
- 5.4 In the case of an equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

- 5.5 A resolution in writing signed by all the members of the Audit Committee shall be as valid and effectual as if a resolution had been passed at a meeting of the Audit Committee duly convened and held.
- 5.6 All meetings and proceedings of the Audit Committee shall be governed by the provisions of the Bye-Laws and the Corporate Governance Code of the Company for regulating proceedings of meetings of the Board unless otherwise provided herein.

6. Minutes of meetings

- 6.1 The Secretary shall record in sufficient details the matters considered and decisions reached, including any concerns raised by the member of the Audit Committee or dissenting views expressed, if any.
- 6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 The Secretary shall circulate draft minutes of the Audit Committee to all members of the Audit Committee for their comments and copies of signed minutes to all members of the Audit Committee and the Board, within a reasonable time after the meeting is held.
- 6.4 The Secretary shall keep copies of the full minutes of all meetings of the Audit Committee and shall make them available for inspection by the Directors and the members of the Audit Committee during office hours.

7. Annual General Meetings

- 7.1 The Chairman of the Audit Committee should attend the annual general meetings of the Company to answer any shareholder's question on the Audit Committee's activities.

8. Authority

- 8.1 The Audit Committee shall have all powers, authorities and discretion necessary to carry out the duties as stated in item 9.
- 8.2 The Audit Committee is authorised to investigate any activity within its terms of reference and to seek any information it requires from any Director or employee of the Company and its subsidiaries (the "Group"), in order to perform its duties. All employees of the Group are directed to cooperate with any reasonable request made by the Audit Committee.
- 8.3 The Audit Committee is authorised to obtain external independent professional advice at the expense of the Company and to secure the attendance of outsiders with relevant experience and expertise if the Audit Committee considers necessary for fulfillment of its duties.
- 8.4 Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Audit Committee will arrange for the Company's corporate governance report in the annual report to include an explanation of the Audit Committee's view and the reasons why the Board has taken a different view.

9. Duties

The primary duties of the Audit Committee include:

Relationship with the Company's auditors

- 9.1 to recommend 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;
- 9.2 to act as the key representative body overseeing the Company's relations with the external auditor;
- 9.3 to seek from the external auditor, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including provision of non-audit services and requirements regarding rotation of audit partners and staff;
- 9.4 to discuss with the external auditor any recommendation arising from the audit, and to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and management's response, and to ensure that the Board will provide timely response to the issues raised in the external auditor's management letter;
- 9.5 to establish and review from time to time the procedure to review and monitor the external auditor's independence and objectivity, and the effectiveness of the audit process in accordance with applicable standards and the scope of the external auditor, and to discuss and understand the factors considered by the external auditor in determining the nature and scope of the audit and reporting obligations before the audit commences;
- 9.6 to establish and review from time to time the policy relating to hiring of employees or former employees of the external auditors and monitor the application of such policy; and to consider whether as a result of such hiring there has been any impairment of the auditor's judgement or independence in respect of the audit;
- 9.7 to establish and review from time to time the policy on engaging external auditors to supply non-audit services and to review such services do not impair the external auditor's independence or objectivity in relation to non-audit services including whether the skills and experience of the external auditor make it a suitable supplier of non-audit services; whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit because the external auditor provides non-audit services; and the nature of the non-audit services, the related fee levels and fee levels individually and in total relative to the external auditor;
- 9.8 to review the Group's financial and accounting policies and practices;

Review of the Company's financial information

- 9.9 to monitor the integrity of the Company's financial statements, annual, quarterly (if prepared for publication) and interim financial reports and to review any significant financial reporting judgments contained in them, with particular focus on changes in accounting policies and practices, major judgmental areas, any significant audit adjustments, the going concern assumption and any qualifications, compliance with any applicable legal requirements and accounting standards, and compliance with the requirements of the Listing Rules and other legal requirements in relation to financial reporting;
- 9.10 to consider any significant or unusual items that are, or may need to be, reflected in the report and accounts and to give due consideration to any matters that have been raised by the Financial Compliance Officer of the Company, the external auditor, the Head of Internal Audit Department or the staff responsible for the accounting and financial reporting function;

Oversight of the Company's financial reporting system and internal control system

- 9.11 to review with the Group's management, the external auditor and the internal auditor, the adequacy of the Group's policies and procedures regarding internal control system (including financial, operational and compliance controls) to ensure that such system is effective with audit trails to protect the accuracy and integrity of financial data and to pursue relevant enquiries into matters having, or likely to have, a material effect on the business and financial conditions of the Group. The result of the review is to be reported in the Corporate Governance Report of the Company, including a Directors' statement that they have conducted a review of its internal control system;
- 9.12 to provide an independent review on the effectiveness of the risk management system including the risk management framework, policies and processes;
- 9.13 to discuss with the management the scope and quality of the risk management and internal control systems and to ensure that management has performed its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget and experience of staff of the accounting, internal audit and financial reporting functions;
- 9.14 to review findings of internal investigation and management's response into any suspected frauds or irregularities or failures of risk management and internal controls or infringements of laws, rules and regulations;
- 9.15 to review the scope and effectiveness of the internal audit functions and to review the results of the internal audit functions regularly with the internal auditor matters including planning of the Audit Committee meetings and, if required by the internal auditor, the internal audit programme; and to ensure co-ordination between the internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor its effectiveness;

- 9.16 to review the effectiveness and monitor the use of the whistleblowing policy and procedures for employees to raise concerns, in confidence, to the Audit Committee about improprieties in financial reporting, internal control and other matters; and to ensure that proper arrangements are in place for fair and independent investigation of these improprieties and for appropriate follow-up action;
- 9.17 to report to the Board on the matters raised in the Corporate Governance Code set out in Appendix C1 of the Listing Rules;

General

- 9.18 to report to the Board, identifying and making recommendations on any matters where action or improvement is needed and to consider other topics identified and referred to the Audit Committee by the Board;
- 9.19 to provide to the Compliance Committee with such information required to be disclosed by the Audit Committee for incorporation into the Company's corporate governance reports, the annual reports, the interim reports and other documents, as the case may be, pursuant to the Listing Rules as amended from time to time;
- 9.20 to exercise such other powers, authorities and discretions, and perform such other duties as the Board may from time to time delegate to it; and
- 9.21 to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's constitution or imposed by legislation.