

HUTCHISON PORT HOLDINGS MANAGEMENT PTE. LIMITED

(the “Company”)

AUDIT COMMITTEE – TERMS OF REFERENCE

General Principles

- (i) The overall objective of the Audit Committee (“AC” or “Committee”) is to assist the Board in discharging its responsibility to HPH Trust to:-
- safeguard assets;
 - maintain adequate accounting records;
 - uphold the integrity of the financial statements and
 - develop and maintain effective systems of risk management and internal controls (including financial, operational, compliance and information technology controls);
- in accordance with the Business Trusts Act, Cap. 31A of Singapore (“Act”) and the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“SGX-ST Listing Manual”), all applicable laws, regulations and accounting standards.
- (ii) To this end, the Committee shall perform the functions and duties set out herein and prescribed by the Act and its regulations and the SGX-ST Listing Manual which include assessing whether Management has prepared financial statements in accordance with applicable accounting standards, laws, rules and regulations and whether Management has developed and maintained adequate and effective risk management and internal control systems.
- (iii) As a sub-committee of the Board, the Audit Committee provides a channel of communication between the Board, Management, the internal auditor and the external auditor, on matters arising out of the internal and external audits.

1. Composition

- 1.1 The AC shall be appointed by the Board of Directors of the Trustee-Manager (“Board”) from amongst its members, and shall comprise at least three (3) non-executive directors.
- 1.2 All members shall be independent of management and business relationships with the Trustee-Manager and a majority of the members, including the Chairman of the AC shall be independent from every substantial shareholder of the Trustee-Manager within the meaning set out in the Business Trusts Act and the Business Trust Regulations.
- 1.3 Members shall be appropriately qualified to discharge their responsibilities. At least two member(s), including the Chairman, shall have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.
- 1.4 The Chairman shall be elected by the Board.

- 1.5 On appointment and thereafter, on an annual basis, every member shall complete a return as to his independence (the “**Return**”). The Board shall review the return to decide if a Director is to be considered independent.

The Board may consider a member as independent if he has no relationship with the Trustee-Manager, its related corporations or its officers that could interfere, or be reasonably perceived to interfere with his exercise of independent business judgment in carrying out his functions as a member of the Committee.

- 1.6 An independent member shall immediately notify the Secretary and the Deputy Secretary of any change in circumstances prescribed in the Return that may result in him not being able to meet the criteria for independence. The Board may, after considering the change in circumstances, require the resignation of the member, such that the Committee’s composition is in compliance with provisions of the Business Trusts Act and the Business Trusts Regulations. The Board may, as a result of the resignation, re-constitute the Committee before the next scheduled meeting. The Trustee-Manager shall within 14 days of becoming aware of the change in independence status of a member, notify the Monetary Authority of Singapore of the change.
- 1.7 A member who wishes to retire or resign from the Committee shall notify the Board in writing, giving at least one (1) month's notice.
- 1.8 The office of a member shall become vacant upon the member’s death /resignation/retirement/removal or disqualification as a Director of the Trustee-Manager.
- 1.9 If for any reason, the total number of members shall fall below three (3), the Board shall within two (2) months and in any case, no later than three (3) months, of such occurrence, appoint such number of new members so that the total number of members is at least three (3).

2. Meetings

- 2.1 The meetings of the Committee may be conducted by electronic means. Members may participate in a meeting by means of a conference telephone or a video conference telephone or similar communications equipment by means of which all members participating in the meeting can hear each other, without a member being in the physical presence of another member or members, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.
- 2.2 The Chairman of the AC shall preside at all meetings. In the absence of the Chairman, the members present shall elect one of their members to chair the meeting.

Frequency

- 2.3 Meetings shall be held at least four times a year.

These meetings should be held:-

- (a) prior to the Board’s approval of the semi-annual results and the semi-annual distributions of HPH Trust;

- (b) after the completion of the annual external audit and prior to the Board's approval of the final results; and
- (c) after the unaudited quarterly results is prepared.

Additional meetings may be called, when necessary, by any member of the AC.

- 2.4 Upon request of the external auditor or the head of internal audit/internal auditor, the Chairman of the AC shall convene a meeting of the Committee to consider any matter which the auditor believes should be brought to the attention of the Board or the unitholders of HPH Trust.

Attendance

- 2.5 The AC shall have full discretion to invite any Director or Management to attend its meetings.
- 2.6 The auditor of HPH Trust has the right to appear and be heard at any meeting of the AC and shall appear before the Committee when required to do so by the AC.
- 2.7 The AC shall meet with the external and internal auditor without the presence of management, at least once a year.
- 2.8 The Secretary of the AC shall be the Company Secretary of the Trustee-Manager.

Minutes

- 2.9 The Secretary shall attend all meetings and minute the proceedings thereof.
- 2.10 The Secretary shall keep the minutes of all meetings of the Committee.
- 2.11 Minutes of all meetings shall be confirmed by the Chairman of the meeting and circulated to all the members of the Committee.
- 2.12 If the Chairman so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of minutes of Committee meetings.

Notice

- 2.13 The notice of each meeting of the Committee, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the AC at least three (3) working days prior to the date of the meeting. Members may consent to shorter notice or waive notice of any meeting.
- 2.14 The Chairman of the AC shall preside at all meetings. In the absence of the chairman, the members present shall elect one of their members to chair the meeting.

3. Quorum

- 3.1 The quorum shall be two (2) members, provided that any member who has an interest in the resolutions being tabled shall not count towards a quorum.

4. Voting

- 4.1 All decisions made at any meeting shall be determined if:
- (a) there is a majority of votes cast in favour of the resolution or matter under review; or
 - (b) there is agreement and/or approval in writing signed by a majority of the members entitled to participate in the decision, provided that any member who has an interest in any matters being reviewed or considered by the AC shall abstain from voting on the matter.
- 4.2 A resolution in writing signed by a majority of the members and constituting a quorum shall be as effective as a resolution duly passed at a meeting of the AC, and may consist of several documents of like form, each signed by one or more members.

5. Functions and Duties

With a view to achieving the objectives of the AC, the functions and duties of the AC shall be as set out below in addition to the functions, duties, powers and responsibilities prescribed by the Act and its regulations, the Listing Manual of the SGX-ST and any subsequent amendments which may be made by the relevant authorities to the Act, its regulations and/or the Listing Manual of the SGX-ST from time to time:

- 5.1 review with the external auditor of HPH Trust:
- (a) the audit plan of HPH Trust;
 - (b) the auditor's evaluation of the system of internal accounting controls of the Trustee-Manager;
 - (c) the auditor's audit report for HPH Trust;
 - (d) the auditor's management letter and Management's response; and
 - (e) the significant financial reporting issues and judgements.
- 5.2 review:
- (a) the (i) internal controls (including financial, operational, compliance and information technology controls) and (ii) risk management systems, and rigorously assess such controls and systems;
 - (b) the assistance given by the officers of the Trustee-Manager to the auditor of HPH Trust;

- (c) at least annually, the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function of HPH Trust and the Trustee-Manager. The AC may take into consideration the following best practices recommended by the SGX-ST:
 - (i) the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority to evaluate the performance of the external auditor;
 - (ii) the requirements under the Accountants Act (Chapter 2) of Singapore, including but not limited to, the aggregate and respective fees paid for audit and non-audit services and the cooperation extended by Management to allow an effective audit;
 - (iii) the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience; and
 - (iv) the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;
- (d) the policies and practices put in place by the Trustee-Manager to ensure compliance with the Act and the trust deed of HPH Trust (“**Trust Deed**”);
- (e) the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of the unitholders of HPH Trust and the interests of the Trustee-Manager, including interested person transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the trust property of HPH Trust;
- (f) interested person transactions for potential conflicts of interest;
- (g) risk management policies and guidelines and monitor compliance therewith;
- (h) at least twice a year, the internal audit reports on the implementation of the Right of First Refusal Agreement (the “**ROFR Agreement**”) and the Non-Compete Agreement (the “**Non-Compete Agreement**”) both dated 28 February 2011 (as amended on 22 December 2015) to ascertain that the terms of both agreements have been complied with. The review will include the examination of supporting documents and such other data deemed necessary to the AC. If a member of the AC has an interest in a transaction arising from the implementation of the ROFR Agreement or the Non-Compete Agreement, he or she is to abstain from participating in the review and approval process in relation to that transaction;
- (i) the assurance from the CEO and CFO of the Trustee-Manager on the financial records and financial statements; and
- (j) the balance sheet and profit and loss account of the Trustee-Manager and the balance sheet, profit and loss account and cash flow statement of HPH Trust submitted to AC by the Trustee-Manager, and thereafter to submit them to the Board.

5.3 report to the Board:

- (a) how the AC has discharged its responsibilities and whether it was able to discharge its duties independently. The activities to be reported to the Board may include;
 - (i) the significant issues and judgements that the AC considered in relation to the financial statements, and how these issues were addressed;
 - (ii) the AC's assessment of the adequacy and effectiveness of internal controls and risk management systems;
 - (iii) the AC's assessment of the adequacy, effectiveness and independence of the internal audit function;
 - (iv) the AC's assessment of the independence and objectivity of the external auditors, taking into consideration the requirements under the Accountants Act (Chapter 2) of Singapore, including but not limited to, the aggregate and respective fees paid for audit and non-audit services and the cooperation extended by Management to allow an effective audit;
 - (v) the AC's assessment of the quality of the work carried out by the external auditors, and the basis of such assessment, such as the use of ACRA's Audit Quality Indicators Disclosure Framework; and
 - (vi) the significant matters raised through the whistle-blowing channel,
 - (b) any inadequacies, deficiencies or matters of concern of which the AC becomes aware or that it suspects arising from its review of the items referred to in sub-paragraphs 5.1, 5.2 and 5.3;
 - (c) any breach of the Act or any breach of the provisions of the Trust Deed of which the AC becomes aware or that it suspects; and
 - (d) findings from time to time on matters arising and requiring the attention of the Committee;
- 5.4 report to relevant authorities if the AC is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported under sub-paragraphs 5.3 (a), (b), (c) and (d) above;
- 5.5 review and approve all hedging policies and instruments to be implemented by the Trust Group, if any;
- 5.6 consider and recommend to the Board (i) the appointment, re-appointment and removal of the external auditor of HPH Trust and (ii) their remuneration and terms of engagement;
- 5.7 review and approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced;
- 5.8 review external auditor's reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
- 5.9 review annually the cost effectiveness as well as the independence and objectivity of the external auditor of HPH Trust;

- 5.10 where the external auditor also provides non-audit services to the Trustee Manager and HPH Trust, review the nature and extent of such services and remuneration paid to ensure that independence and objectivity of the auditor is not compromised;
- 5.11 review the internal audit procedures of the Trustee-Manager, including its effectiveness, and ensure coordination between the internal and external auditors and Management; and ensure that the internal audit function is adequately resourced and the adequacy of the internal audit function is maintained;
- 5.12 discuss problems and concerns, if any, arising from the quarterly, interim and/or final audits, in consultation with the external auditor and the internal auditor, where necessary;
- 5.13 meet with the external auditor and with the internal auditor without the presence of Management, at least annually, to discuss any problems and concerns they may have;
- 5.14 discuss with external and internal auditors, audit issues, such as major risk areas, changes in accounting policies, suspected fraud, irregularities and infringement of laws and regulations, which are likely to have a material impact on financial results or financial position of the Trustee-Manager and HPH Trust, and Management's response;
- 5.15 monitor the procedures established to regulate interested person transactions ("IPTs"), including ensuring compliance with the provisions of the Listing Manual relating to IPTs;
- 5.16 review any formal announcements relating to the financial performance of the Trustee-Manager and HPH Trust;
- 5.17 review transactions falling within the scope of the listing manual, in particular matters pertaining to acquisitions and realizations as laid down in the listing manual;
- 5.18 review the policy and arrangements by which staff of the Trustee-Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up actions to be taken;
- 5.19 investigate any matter within its terms of reference, with full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly; and
- 5.20 undertake such other functions, duties, powers and responsibilities as may be directed by the Board from time to time.

6. Attendance at General Meeting

- 6.1 The Chairman or any member of the AC shall be present and available to address questions (falling within the scope of the AC) at general meetings of HPH Trust.

7. Remuneration

- 7.1 Having regard to the functions performed by members of the AC in addition to their

functions as Directors in relation to the activities of the AC and pursuant to the specific power conferred upon the Board by the Constitution of the Trustee-Manager, members of the AC may be paid such special remuneration in respect of their appointment and in such manner as shall be fixed by the Board.

8. General

- 8.1 The AC in carrying out its tasks under these terms of reference may obtain at the Trustee-Manager's expense such external or other independent professional advice as it considers necessary to carry out its duties.
- 8.2 The Board will ensure that the AC has access to internal professional advice in order for it to perform its duties.
- 8.3 These terms of reference may from time to time be amended as required, subject to the approval of the Board.

(May 2020)