



Beijing Capital Jiaye Property Services Co., Limited

北京京城佳業物業股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2210)

Working Rules of the Audit Committee of the Board of Directors

Chapter 1 General Provisions

Article 1 For the purpose of formulating and regulating the audit system and procedures, strengthening the decision-making function of the board of directors (the “Board”), ensuring the effective supervision of the Board on the managerial level, and improving the corporate governance structure of Beijing Capital Jiaye Property Services Co., Limited (the “Company”), the Company has established the Audit Committee (the “Committee”) of the Board pursuant to the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Articles of Association of Beijing Capital Jiaye Property Services Co., Limited (the “Articles of Association”), the Rules of Procedure for the Board of the Company and other relevant laws, regulations and regulatory documents, and has formulated these Rules.

Article 2 The Committee is a specific working body under the Board and is mainly responsible for the communication between internal and external auditors, supervision and inspection of their work as well as the risk management and internal control of the Company. The Committee is accountable to the Board and shall report its work to the Board.

Article 3 The directors mentioned in these Rules refer to all of the directors of the Company, and senior management officers refer to the general manager, deputy general manager, chief accountant, secretary to the Board and other senior management officers recognized in the Articles of Association.

Article 4 These Rules are applicable to the Committee and the relevant officers and departments involved in these Rules.

Chapter 2 Composition and Working Organization of the Committee

Articles 5 The Committee shall comprise at least three directors and only non-executive directors, of which no less than 2/3 members shall be independent non-executive directors. A Committee member shall possess professional financial or legal knowledge and commercial experience necessary for the performance of his/her duties. At least one of the members should be an independent non-executive director with appropriate professional qualifications or appropriate accounting or related financial management expertise as required by the Hong Kong Listing Rules in respect of the qualifications of members of an audit committee. Any former partner of the external auditing firm currently engaged by the Company shall be prohibited from acting as a member of the Committee for a period of two years from the date he/she ceases to be a partner of that external auditing firm or he/she is no longer entitled to have any financial interest in the firm, whichever is the later.

Article 6 The members of the Committee shall be nominated by the Chairman of the Board and elected by simple majority of all directors.

Article 7 The Committee shall have one chairman who is an independent non-executive director and responsible for the overall management of the Committee. The chairman shall be nominated by the Company's Chairman of the Board for consideration and approval by the Board. The chairman of the Committee shall possess appropriate accounting or related financial expertise.

Article 8 The term of office of the Committee shall coincide with the term of office of the same session of the Board, and the term of office of the members shall coincide with the term of office of the directors. Upon expiration of a member's term of office, he/she may be re-elected for a consecutive session. The Board will conduct regular assessment on the independence and duty performance of the Committee members, and members who are not suitable to continue acting as members may be replaced, if necessary. In the event of a Committee member who has ceased to be a director of the Company during his/her term of office, or if a member who should be in the capacity of an independent non-executive director has ceased to be independent as required under the Hong Kong Listing Rules, he/she will lose his/her eligibility to be a member, and the Board will re-elect a member to fill the vacancy in accordance with the relevant requirements under the Hong Kong Listing Rules. The term of office of the re-elected member shall continue until the end of the session of directorship of such member.

Article 9 A member of the Committee may tender his/her resignation to the Board before expiration of his/her term of office, he/she should state his/her reason of resignation in the resignation report and shall give an explanation on matters that require attention from the Board. When the number of members of the Committee is less than the minimum number as stipulated in these Rules, the resigned members should continue to perform his/her relevant duties until commencement of duties by the newly appointed members.

Article 10 When proposed by the Chairman of the Board, after discussion and approval by the Board, adjustment may be made to Committee members even before expiration of their terms of office.

Article 11 A member of the Committee may concurrently act as a member of another special committee under the Board provided he/she has sufficient capabilities to perform the duties.

Article 12 When the number of members or the composition of the Committee fails to meet the requirements under these Rules, the Board shall fill the vacant position(s) in accordance with the requirements of these Rules or the Articles of Association.

Article 13 The Company's secretariat of the Board acts as the working organization for the Committee, providing support and services to the work of the Committee and undertaking relevant tasks assigned by the Committee.

Chapter 3 Duties of the Committee

Article 14 The Committee, on behalf of the Board, shall conduct independent assessment and supervision on the compliance, legality and efficiency of the operation of the Company. The major duties of the Committee include:

- (1) To make proposals to the Board regarding the appointment, reappointment and dismissal of external auditing firms, approve the remuneration and terms of engagement of external auditing firms, and deal with all matters in relation to the resignation or dismissal of the external auditing firms engaged;
- (2) To review and monitor the independence and objectivity of the external auditing firms engaged and the effectiveness of the audit process in accordance with applicable standards. The Committee shall discuss with the external auditing firms engaged the nature, scope and method of the audit and reporting obligations before commencing audit.

In order to carry out an independent inspection of an external auditing firm engaged, the Committee shall perform the followings: to examine the relation between the Company and the auditing firm, covering aspects like non-audit services; to request information from the auditing firm annually so as to understand the policies and procedures adopted by the auditing firm for maintaining their independence and supervise implementation of relevant rules, including the rules for change of partners and employees of the auditing firm; to have an interview with the external auditing firm at least once a year without the presence of the management of the Company for discussion of audit fees and related matters, any matters in connection with audit works and other matters raised by the auditing firm;

- (3) To formulate and implement policies in relation to the engagement of external auditing firms for non-audit services. For the purpose of this clause, external auditing firms include any entity under common control, ownership or management with the firm responsible for auditing and any entity that a reasonable and informed third party would reasonably conclude to be part of the local or international operation of the firm responsible for auditing. The Committee should advise the Board on necessary actions or improvements and measures to be taken;

- (4) To examine the truthfulness, completeness and accuracy of financial statements, annual reports and accounts, half-year reports and quarterly reports (if any) of the Company, and review important opinions regarding financial reporting in such statements and reports. Special attention should be paid to the possibilities of any frauds, malpractices and major misstatements in relation to those financial statements and reports. For submission of those statements and reports to the Board, the Committee should conduct review with a special focus on the following matters:
 1. any changes in accounting policies and practices;
 2. areas involve major judgment;
 3. significant adjustments resulting from audit;
 4. the going concern assumption of the Company and qualified opinions;
 5. compliance with accounting standards;
 6. compliance with the Hong Kong Listing Rules and other legal requirements in relation to financial reporting;
- (5) For the purpose of clause (4) above,
 1. the Committee members shall liaise with the Board and the senior management. The Committee shall meet with the external auditing firm of the Company at least twice a year;
 2. the Committee shall consider any significant and unusual items that are, or may need to be, reflected in such reports and accounts, and shall give due consideration to the matters raised by the staff of the Company responsible for accounting and financial reporting function, compliance officer or the auditing firm;
- (6) To examine the financial control system of the Company;
- (7) To discuss with the management on the effectiveness of the risk management and internal control system; to supervise the effectiveness and self-assessment of the internal control; to coordinate the internal control and audit as well as the improvement of the internal control and other related matters;
- (8) To be responsible for the communication between the internal audit department and the external auditing firm so as to coordinate their work; to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company; and to review and monitor the effectiveness of the internal audit function;
- (9) To review the financial and accounting policies and practices of the Company;
- (10) To review the audit letter of the external auditing firm sent to the management, major queries raised by the external auditing firm about accounting records, financial accounts or the control system and replies of the management;

- (11) To ensure that the Board will provide a timely response to the issues raised in the external auditing firm's audit letter to the management;
- (12) To review the following arrangements of the Company: employees of the Company may raise concerns in confidence about possible improprieties in financial reporting, internal control or other matters. The Committee shall ensure that proper arrangements are in place for the Company to conduct fair and independent investigations and to take necessary actions accordingly;
- (13) To serve as the key representative body of the Company in liaising with the external auditing firm for overseeing the relationship between the Company and the external auditing firm;
- (14) To verify the list of connected parties of the Company; to conduct general audits and regular general examination of all connected transactions of the Company, including a review of the decisions on the connected transactions and their execution within ten days following the end of each half-year period, and a general review of all connected transactions of the Company within 30 days following the end of each half-year period. The Committee shall report to the Board and supervisory committee the results of such reviews;
- (15) To report to the Board the matters required by these Rules;
- (16) To deal with other matters as delegated by the Board and as required by the relevant laws and regulations;
- (17) To perform other duties of the Committee as required by relevant listing rules of the listing place(s) of the Company, such as the Hong Kong Listing Rules, as revised from time to time.

Article 15 The major duties of the chairman of the Committee include:

- (1) To convene and preside over meetings of the Committee;
- (2) To supervise and examine the performance and implementation of resolutions of the Committee;
- (3) To sign relevant documents of the Committee;
- (4) To report the work of the Committee to the Board;
- (5) To attend the annual general meeting (if the chairman of the Audit Committee is unable to attend, another member of the Audit Committee shall attend, or if such member is unable to attend, an appropriately appointed representative shall attend) and answer questions concerning the work and responsibilities of the Audit Committee at the meeting;
- (6) To perform other duties as required or delegated by the laws and regulations, relevant regulatory rules of the listing place(s), such as the Hong Kong Listing Rules, these Rules and the Board.

Article 16 The major duties of a Committee member include:

- (1) To attend meetings of the Committee punctually, and express opinions on the matters discussed thereon and exercise voting rights at the meetings;
- (2) To propose matters for discussion at meetings of the Committee;
- (3) To sit in on or observe relevant meetings of the Company, conduct studies and researches, and obtain reports, documents, materials and other relevant information necessary for the performance of his/her duties;
- (4) To fully understand the duties of the Committee and those as a member of the Committee, and acquaint himself/herself with the operation, management, business activities and development of the Company to ensure his/her capacity in performing his/her duties;
- (5) To guarantee that he/she has devoted sufficient time and attention to fulfil his/her duties;
- (6) To perform other duties as required or delegated by the laws and regulations, relevant regulatory rules of the listing place(s), such as the Hong Kong Listing Rules, these Rules and the Board.

Chapter 4 Meetings of the Committee

Article 17 Meetings of the Committee are divided into regular meetings and ad hoc meetings.

Article 18 At least two regular meetings shall be held in each year, and a written notice shall be sent to all members three days before the date of a meeting.

Article 19 The Committee may convene ad hoc meetings according to its needs. The chairman of the Committee shall sign and issue a notice of meeting within three days from the date of actual occurrence of any of the following circumstances:

- (1) When the Board considers that is necessary;
- (2) When the chairman of the Committee considers that is necessary;
- (3) When more than two members propose to hold a meeting.

Article 20 The secretariat of the Board shall be responsible for the delivery of a written notice of meeting to all members and the relevant persons invited to attend the meeting three days before the date of holding the meeting (except under special circumstances where the obligation of notification in advance is waived, but the chairman of the meeting shall make an explanation at the meeting). The content of the notice of meeting shall include the method, time, venue, date and issues for holding the meeting, the issue date of the notice, the contact person of the meeting and the contact methods, and the relevant information.

The relevant departments of the Company are responsible for preparing and providing relevant materials required for the matters discussed at the meeting and liaising with relevant parties, including relevant experts of the Company or social experts, scholars and intermediary agencies engaged by the Committee in the discussion process.

Article 21 The members of the Committee, upon receipt of the notice of meeting, shall confirm and give reply timely through appropriate means with relevant information (including but not limited to whether they intend to attend the meeting and the travel arrangement, etc.).

Article 22 Members of the Committee shall attend the meetings in person. When a member is unable to attend the meeting in person, he/she may submit a form of proxy signed by him/her to authorize other members of the Committee to attend the meeting and express opinions on his/her behalf. The form of proxy shall explicitly state the scope of authorization and the effective duration. A member may only appoint one other member each time to act on his/her behalf to exercise his/her voting right. If two or more persons are appointed to act on his/her behalf to exercise the voting right, such proxy is void. At the same time, each member cannot accept appointments by proxy from two or more members.

The member who attend the meeting on behalf of another member shall exercise his/her rights within the scope of authorization. A member who is unable to attend the meeting in person, fails to appoint another member of the Committee to exercise his/her rights on his/her behalf, and fails to submit his/her opinions in writing before the commencement of the meeting, will be deemed to have waived his/her rights.

A member who is unable to attend the meeting in person may also submit his/her opinions in writing on the matters to be discussed to exercise his/her rights, but the opinions in writing must be submitted to the secretariat of the Board no later than commencement of the meeting.

Article 23 If a member of the Committee fails to attend two consecutive meetings of the Committee in person, and fails to appoint other members to attend on his/her behalf, and fails to submit his/her opinions in writing before the meetings; or if the number of Committee meetings attended by him/her in person within one year is less than 3/4 of the total number of meetings held, he/she will be deemed to have failed to perform his/her duties in the Committee, the Board may adjust the members of the Committee according to these Rules.

Article 24 A meeting of the Committee may be convened only when 2/3 of the members are present. A meeting of the Committee shall be presided over by the chairman of the Committee, if the chairman of the Committee is unable to attend the meeting, he/she may appoint other members to chair the meeting on his/her behalf. If the chairman of the Committee fails to perform his/her duties nor appoints other members to perform on his/her behalf, then any member of the Committee may report the case to the Board of the Company and a member who is an independent non-executive director will be designated by the Board to perform the duties of the Committee chairman.

Chapter 5 Rules of Procedure

Article 25 Each member of the Committee has one vote with voting rights. A resolution at the meeting must be passed by simple majority of all members of the Committee. Where the Committee is unable to form a valid resolution due to the abstention of members, such matter shall be submitted to the Board for consideration.

Article 26 Committee meetings are convened in the form of on-site meetings in general, and adopt a show of hands or voting by poll as the voting method. Under special circumstances, provided it is ensured that the members of the Committee are able to express their opinions sufficiently, a meeting may be convened by means of communication with consent from the chairman of the Committee. When a meeting is convened by means of communication, the members of the Committee shall submit their written opinions on the matters to be discussed to the Board within the period as required in the notice of meeting.

Article 27 At the Committee meeting when the matters for consideration are being studied and discussed, the Committee members shall express their opinions clearly, independently and sufficiently based on their own judgment; when there are different opinions, such different opinion shall be stated in the minutes of the meeting to be presented to the Board.

Article 28 The Committee may invite directors of the Company, relevant senior management officers, relevant experts of the Company or social experts, scholars, intermediary agencies and relevant persons to attend the meeting as guests. Persons attending the meeting as guests should provide explanations and illustrations as required by the members of the Committee.

Article 29 The Committee may engage external professionals or institutions to provide professional opinions, if necessary, with approval by the Board. The reasonable expenses incurred will be borne by the Company.

Article 30 When a member of the Committee has a conflict of interest in the matter to be considered by the Committee, such member shall abstain from voting at the meeting.

Article 31 All personnel attending the meeting shall have the obligation to keep all matters discussed at the meeting confidential and shall not disclose any information relating thereto without authorization.

Chapter 6 Minutes and Meeting Summaries of the Committee

Article 32 Minutes of meeting should be compiled for meetings of the Committee. The minutes of meeting will be prepared by the secretariat of the Board and include the following content:

- (1) Serial number of the meeting, the method, date and venue of convening the meeting, and the name of the chairman of the meeting;
- (2) The members' presence, absence and proxy attendance at the meeting;
- (3) The name and position of the persons attending the meeting;
- (4) Matters considered at the meeting;

- (5) Main points made by the members of the Committee and other relevant attendees;
- (6) The person who records the minutes of meeting;
- (7) The minutes or resolutions of meetings shall specify the abstention of interested member(s) (where applicable).

Members attending the meeting shall sign on the minutes of meeting of the Committee. The minutes shall be circulated to all Committee members within a reasonable time for their comments.

Article 33 After holding a meeting of the Committee, the secretariat of the Board is responsible for preparing a meeting summary recording the considerations and discussions of the meeting.

Article 34 Apart from submission to the Board of the Company, the meeting summary will also be sent to the members of the Committee, the secretary to the Board and the relevant departments and persons.

Article 35 The minutes of meeting, meeting summary, form of proxy, written opinions of members and other meeting materials will be kept by the secretariat of the Board in accordance with the relevant filing administration system.

Chapter 7 Supplementary Provisions

Article 36 Unless otherwise specified, the terms used in these Rules shall have the same meaning as those used in the Articles of Association.

Article 37 Any matters not covered by these Rules and any inconsistency between these Rules and the laws, administrative regulations, regulatory documents, relevant regulatory rules of listing place such as the Hong Kong Listing Rules or lawfully revised Articles of Association enacted or promulgated after these Rules have become effective, the provisions of the relevant national laws, administrative regulations, regulatory documents, relevant regulatory rules of listing place such as the Hong Kong Listing Rules and Articles of Association shall prevail for implementation, and these Rules shall be amended immediately and submitted to the Board for consideration and approval.

Article 38 These Rules have been considered and approved by the Board and shall become effective on the date when the overseas listed foreign shares of the Company are listed and commence trading on The Stock Exchange of Hong Kong Limited.

Article 39 The rights of interpretation and amendment of these Rules shall be vested in the Board of the Company.

Article 40 These Rules are published in both English and Chinese versions. In case any discrepancy arises between the English and the Chinese versions, the Chinese version shall prevail.