

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF KE HOLDINGS INC.

(Adopted by the Board of Directors of KE Holdings Inc. (the “Company”) on 27 April 2022, and shall become effective immediately upon the Company’s listing on The Stock Exchange of Hong Kong Limited (the “HKSE”))

This charter (“**Charter**”) is available for viewing in English and traditional Chinese. If there is any inconsistency between the English and the traditional Chinese version of this Charter, the English version shall prevail over the traditional Chinese version.

I. PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee (the “**Committee**”) of the board of directors (the “**Board**”) of the Company is to

1. oversee
 - i. the integrity of the Company’s financial statements and internal controls;
 - ii. the qualifications, independence and performance of the Company’s independent auditor;
 - iii. the performance of the Company’s internal audit function;
 - iv. the fairness and appropriateness of the Company’s Related Party Transactions (as defined below);
 - v. the Company’s compliance with legal and regulatory requirements; and
2. such other duties as directed by the Board.

II. COMPOSITION OF THE COMMITTEE

The Committee shall consist of three or more non-executive directors as determined from time to time by the Board, the majority of whom must be independent non-executive directors meeting the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKSE Listing Rules**”) (as amended from time to time). All Committee members shall be deemed by the Board to be independent and meet the independence and experience requirements of Rule 10A-3 of the Exchange Act and the Listing Rules of the New York Stock Exchange (“**NYSE**”) or Nasdaq.

The chairperson of the Committee shall be designated by the Board, provided that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson.

The Board shall recommend nominees for appointment by the Board to the Committee annually and as vacancies or newly created positions occur. Committee members shall be appointed by the Board and may be removed by the Board at any time. For the avoidance of doubt, any vacancy on the Committee shall be filled by the Board and no member of the Committee shall be removed except by the Board.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. In addition, at least one member of the Committee must be designated by the Board to be an "audit committee financial expert," within the meaning as defined by the United States Securities and Exchange Commission (the "SEC") pursuant to the Sarbanes-Oxley Act of 2002 (the "Act"). At least one member of the Committee must be an independent non-executive director meeting the independence requirements from time to time as stipulated in the HKSE Listing Rules with appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2) of the HKSE Listing Rules.

III. MEETINGS OF THE COMMITTEE

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The meeting agenda and accompanying documents should be sent to all members of the Committee at least 3 days before the intended date of each Committee meeting (or such other period as the members may agree). The Committee should meet separately on a periodic basis with (i) management, (ii) the person in charge of the Company's internal audit department or other personnel responsible for the internal audit function and (iii) the Company's independent auditors, in each case to discuss any matters that the Committee or any of the above persons or firms believe warrant Committee attention.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee shall maintain minutes of its meetings and records relating to those meetings ("**Minutes**"), which shall be kept by a duly appointed secretary and should be open for inspection at any reasonable time on reasonable notice by any director. The Minutes should record in sufficient detail the matters considered and decisions reached, including any concerns raised by the members of the Committee or dissenting views expressed. Draft and final versions of the Minutes should be sent to all members of the Committee for their comment and records within a reasonable time after the meeting.

The Committee shall report regularly to the Board on its activities, decisions and recommendations, as appropriate, unless there are legal or regulatory restrictions on its ability to do so.

IV. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to best address, react or respond to changing circumstances or conditions. The following duties and responsibilities are within the authority of the Committee and the Committee shall, consistent with and subject to applicable law and rules and regulations promulgated by the SEC, the Hong Kong Securities and Futures Commission, the applicable stock exchange, or any other applicable regulatory authority:

Selection, Evaluation and Oversight of the Auditors

- (a) Be directly responsible for making recommendations to the Board on the appointment, approval, retention and removal of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company, and each such registered public accounting firm must report directly to the Committee (the registered public accounting firm engaged for the purpose of preparing or issuing an audit report for inclusion in the Company's Annual Report on Form 20-F is referred to herein as the "**independent auditors**") and overseeing the independent auditors work.;
- (b) Review and approve in advance the Company's independent auditors' annual engagement letter, including the proposed fees contained therein, as well as all audit engagements and relationships between the Company and such independent auditors;
- (c) Review and approve in advance all permitted non-audit engagements as provided in the Act and the SEC rules and regulations promulgated thereunder (which approval should be made after receiving input from the Company's management, if desired); provided that approval of permitted non-audit services shall be made by the Committee or by one or more members of the Committee as shall be designated by the Committee and the person(s) granting such approval shall report such approval to the Committee at the next scheduled meeting;
- (d) Review the performance of the Company's independent auditors, including the lead partner and reviewing partner of the independent auditors, and make recommendations to the Board and the Company's shareholders on decisions regarding the replacement or termination of the independent auditors when circumstances warrant;
- (e) Evaluate the independence of the Company's independent auditors by, among other things:
 - (i) obtaining and reviewing from the Company's independent auditors a formal written statement delineating all relationships between the independent auditors and the Company, consistent with Independence Standards Board Standard No. 1;
 - (ii) actively engaging in a dialogue with the Company's independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors;
 - (iii) taking, or recommending that the Board take, appropriate action to oversee the independence of the Company's independent auditors;

- (iv) monitoring compliance by the Company's independent auditors with the audit partner rotation requirements contained in the Act and the rules and regulations promulgated by the SEC thereunder;
 - (v) monitoring compliance by the Company with the employee conflict of interest requirements contained in the Act and the rules and regulations promulgated by the SEC thereunder; and
 - (vi) engaging in a dialogue with the independent auditors to confirm that audit partner compensation is consistent with applicable SEC rules;
- (f) Establish policies for the Company's hiring of current or former employees of the independent auditor;
 - (g) Develop and implement policy on engaging an independent auditor to supply non-audit services. For the purpose of this provision, an independent 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. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed; and
 - (h) The Committee shall act as the key representative body for overseeing the Company's relations with the independent auditor.

Oversight of Annual Audit and Quarterly Reviews

- (a) Review and discuss with the Company's independent auditors their annual audit plan, including the timing and scope of audit activities, and monitor such plan's progress and results during the year;
- (b) Monitor the integrity of the Company's financial statements and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:
 - (i) any changes in accounting policies and practices;

- (ii) major judgmental areas;
- (iii) significant adjustments resulting from audit;
- (iv) the going concern assumptions and any qualifications;
- (v) compliance with accounting standards; and
- (vi) compliance with the HKSE Listing Rules and other legal requirements in relation to financial reporting

Members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditors; and the 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 auditors;

- (c) Review with management, the Company's independent auditors and if appropriate, the person in charge of the Company's internal audit department, the following:
 - (i) the Company's financial and accounting policies and practices;
 - (ii) all alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;
 - (iii) all other material written communications between the independent auditors and management, including the independent auditor's management letter, any material queries raised by the independent auditor to management about accounting records, financial accounts or systems of control, management's response and any schedule of unadjusted differences;
 - (iv) ensure that the Board will provide a timely response to the issues raised in the independent auditor's management letter;
 - (v) any material financial arrangements of the Company which do not appear on the financial statements of the Company;
 - (vi) major issues regarding accounting principles and financial statements presentations, including any significant changes in the Company's selection or application of accounting principles;
 - (vii) any analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles methods on the Company's financial statements;

- (viii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and
 - (ix) the Company's annual audited financial statements and quarterly financial statements, including the Company's related disclosures in the Company's Annual Report on Form 20-F under the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any major issues related thereto.
- (d) Review on a regular basis with the Company's independent auditors any problems or difficulties encountered by the independent auditors in the course of any audit work, including management's response with respect thereto, any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management; and
 - (e) Resolve all disagreements between the Company's independent auditors and management regarding financial reporting.

Oversight of Financial Reporting Process and Internal Controls

- (a) Review:
 - (i) the adequacy and effectiveness of the Company's risk management, accounting and internal control policies and procedures on a regular basis, including the responsibilities, budget, compensation, staffing, adequacy of resources, staff qualifications and experience and training programmes of the Company's internal audit function, through inquiry, discussions and periodic meetings with the Company's independent auditors, management and the person in charge of internal audit department;
 - (ii) the yearly report prepared by management, and attested to by the Company's independent auditors, assessing the effectiveness of the Company's internal control over financial reporting and stating management's responsibility for establishing and maintaining adequate internal control over financial reporting prior to its inclusion in the Company's Annual Report on Form 20-F;
 - (iii) the Committee's level of involvement and interaction with the Company's internal audit function, including the Committee's line of authority and role in appointing and compensating employees in the internal audit function;
- (b) Review in conjunction with the Company's chief executive officer, the Company's chief financial officer and the Company's independent auditors, periodically, the following:
 - (i) all significant deficiencies and material weaknesses in the disclosure controls and design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting;

- (c) Discuss guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company, including the internal audit department, assess and manage the Company's exposure to risk, as well as the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- (d) Review with management the progress and results of all internal audit projects, and, when deemed necessary or appropriate by the Committee, direct the Company's chief executive officer to assign additional internal audit projects to the person in charge of the Company's internal audit department;
- (e) Receive periodic reports from the Company's independent auditors, management and the Company's internal audit department to assess the impact on the Company of significant accounting or financial reporting developments that may have a bearing on the Company;
- (f) Establish and maintain free and open means of communication between and among the Committee, the Company's independent auditors, the Company's internal audit department and management, including providing such parties with appropriate opportunities to meet separately and privately with the Committee on a periodic basis and ensure co-ordination between the internal and independent auditors of the Company;
- (g) Ensure that the internal audit function of the Company is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (h) Review the type and presentation of information to be included in the Company's earnings press releases (especially the use of "pro forma" or "adjusted" information not prepared in compliance with generally accepted accounting principles), as well as financial information and earnings guidance provided by the Company to analysts and rating agencies (which review may be done generally (i.e., discussion of the types of information to be disclosed and type of presentations to be made), and the Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance);
- (i) 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;
- (j) Report to the Board on the matters in the code provisions in the Corporate Governance Code under the HKSE Listing Rules that are applicable to the Committee; and
- (k) Review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

Miscellaneous

- (a) Establish and implement policies and procedures for the Committee's review and approval or disapproval of proposed transactions or courses of dealings required to be disclosed by Item 7.B of Form 20-F (the "**Related Party Transactions**");
- (b) Meet periodically with the general counsel, and outside counsel when appropriate, to review legal and regulatory matters, including (i) any matters that may have a material impact on the financial statements of the Company and (ii) any matters involving potential or ongoing material violations of law or breaches of fiduciary duty by the Company or any of its directors, officers, employees or agents or breaches of fiduciary duty to the Company;
- (c) Review the Company's policies relating to the ethical handling of conflicts of interest and review past or proposed transactions between the Company and members of management as well as policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets, and consider the results of any review of these policies and procedures by the Company's independent auditors;
- (d) Review and pre-approve proposed transactions or course of dealings required to be disclosed by Item 7.B of Form 20-F;
- (e) Review and approve in advance any services provided by the Company's independent auditors to the Company's executive officers or members of their immediate family;
- (f) Review the Company's program to monitor compliance with the Company's Code of Business Conduct and Ethics, and meet periodically with the Company's compliance officer to discuss compliance with the Code of Business Conduct and Ethics;
- (g) Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (h) Establish procedures for the receipt, retention and treatment of reports of evidence of a material violation made by attorneys appearing and practicing before the SEC in the representation of the Company or any of its subsidiaries, or reports made by the Company's chief executive officer or general counsel in relation thereto;
- (i) Secure independent expert advice to the extent the Committee determines it to be appropriate, including retaining, with or without Board approval, independent counsel, accountants, consultants or others, to assist the Committee in fulfilling its duties and responsibilities, the cost of such independent expert advisors to be borne by the Company;
- (j) Review and assess the adequacy of this Charter on an annual basis; and
- (k) Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

V. EVALUATION OF THE COMMITTEE

The Committee shall, on an annual basis, evaluate its performance. The evaluation shall address all matters that the Committee considers relevant to its performance, including a review and assessment of the adequacy of this Charter, and shall be conducted in such manner as the Committee deems appropriate. The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended amendments to this Charter.

VI. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other consultants or advisers as it deems necessary.

While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for preparing or certifying the financial statements, for planning or conducting the audit or for determining whether the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Company, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which the Committee receives information and (ii) the accuracy of the financial and other information provided to the Committee, in either instance absent actual knowledge to the contrary.

Nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under applicable law.