



天德地產有限公司

Tian Teck Land Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 266)

Terms of Reference of Audit Committee (the “Committee”)

Membership

1. Members of the Committee shall be appointed by the board of Directors (the “Board”) of Tian Teck Land Limited (the “Company”) from amongst the Non-executive Directors of the Company and shall consist of not less than three members, a majority of whom should be Independent Non-executive Directors and at least one member is an Independent Non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).
2. The chairman of the Committee shall be appointed by the Board and should be an Independent Non-executive Director. In the absence of the chairman of the Committee and appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
3. The Company Secretary of the Company shall be the secretary of the Committee (the “Secretary”). The Committee may, from time to time, appoint any other person with the appropriate qualification and experience as the Secretary. The Secretary, or in his/her absence, his/her representative or any one member of the Committee, shall be the Secretary of the meeting.
4. The term of each Committee member shall be the same as his/her term as a Director. Subject to the constitutions of the Company and the applicable laws and regulations, any member of the Committee may be re-appointed by the Board and continue to act as a member of the Committee upon the expiry of his/her term of appointment relating thereof.
5. A member of the Committee who ceases to be a member of the Board shall immediately and automatically cease to be a member of the Committee.
6. A former partner of the Company’s existing audit firm shall be prohibited from acting as a member of the Committee for a period of two years from the date of his/her ceasing:

- (a) to be a partner of the firm; or
 - (b) to have any financial interest in the firm,
- whichever is later.

Quorum, frequency and conduct of meetings

- 7. The quorum for a meeting shall be two members, among them at least one should be an Independent Non-executive Director.
- 8. Meetings shall be held not less than twice a year. The Chairman shall convene a meeting upon request of any member of the Committee. The external auditor may request a meeting if it considers necessary and on receipt of such request from the said auditor, a meeting shall be held.
- 9. The Company's chief financial officer, the Head of Finance/Accounts Department, the Head of Internal Audit (if any), and a representative of the external auditor shall, if deemed necessary, attend meetings. The Committee shall, at least once a year, meet with the external auditor and internal auditor, if any, without the presence of the management.
- 10. Unless otherwise waived by all members of the Committee, agenda of each meeting setting out the venue, time, date and items to be discussed together with supporting papers shall be forwarded to each member of the Committee no later than 3 days before the date of the meeting.
- 11. Meetings could be held in person or by electronic means, including but not limited to telephone and video conference. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 12. Resolutions of the Committee at any meetings shall be passed by a majority of votes of the members of the Committee present. Subject to compliance with the Listing Rules and the applicable laws and regulations, a resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

Authority

- 13. The Committee is authorised by the Board to investigate any activity within these terms of reference. It is authorised to seek any information it requires from any employee for the purposes of these terms of reference and all employees are directed to co-operate with it in relation to any request made.

14. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at the meetings if it considers necessary in executing the duties stated herein.
15. Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Company should include in the Corporate Governance Report a statement from the Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.
16. The Committee shall be provided with sufficient resources to perform its duties.
17. Management of the Company is obliged to supply the Committee with adequate information, in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a member of the Committee requires more information than information provided voluntarily by the management of the Company, the relevant member of the Committee should make further enquiries if necessary. Each member of the Committee shall have separate and independent access to the management of the Company.

Duties

18. Duties of the Committee shall include, without limitation, the following:

Relationship with the Company's auditor

- (a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment 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;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external 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;

Review of the Company's financial information

- (d) to monitor integrity of the Company's financial statements and annual report 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 judgemental 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 Listing Rules and legal requirements in relation to financial reporting;
- (e) Regarding (d) above:
 - (i) 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 auditor; and
 - (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and it should give due consideration to any matters that have been raised by the Company's staff responsible for accounting and financial reporting function, compliance officer (if any) or auditors;

Oversight of the Company's financial reporting system, risk management and internal control systems

- (f) to review the Company's financial controls, risk management system and internal control system;
- (g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of

resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

- (h) to 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;
- (i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has an appropriate standing within the Company, and to review and monitor its effectiveness;
- (j) to review the Group's financial and accounting policies and practices;
- (k) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

Relationships with the employees of the Company

- (m) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (n) to act as the key representative body for overseeing the Company's relations with the external auditor;

Others

- (o) to do any such things to enable the Committee to discharge its responsibilities and functions conferred to it by the Board;
- (p) to review, when appropriate, and make recommendations to the Board, where necessary, on the terms of reference of the Committee;
- (q) to report to the Board on the matters under this paragraph headed "Duties"; and
- (r) to consider any other topics, as defined by the Board.

Reporting procedure

19. The Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
20. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comments and records, within a reasonable time after such meetings. Final versions of minutes of the meetings should also be sent to the Board members.

Keeping of minutes of meetings and reports

21. A copy of all duly signed minutes of meetings and reports of the Committee should be kept by the Secretary at the registered office of the Company whilst the originals should be held in custody of Deodand (Nominees) Limited or such other person/company as designated by the Board. Such minutes and reports shall be open for inspection at any reasonable time on reasonable notice by any Director.

Annual general meeting

22. The Committee chairman should, as far as practicable, attend the annual general meeting of the Company and make himself available to respond to any shareholders' questions on the Committee's activities and responsibilities. In the absence of the Committee chairman, another member of the Committee, failing which his/her duly appointed delegate, shall attend the annual general meeting of the Company.

Terms available

23. The Committee shall make available these terms of reference by including them on the websites of the Company and The Stock Exchange of Hong Kong Limited.

Note: In case of discrepancies or inconsistencies, English version always prevails.

November 2018