

TAI SANG LAND DEVELOPMENT LIMITED
(the "Company")
TERMS OF REFERENCE
OF
AUDIT COMMITTEE

1. Membership and Attendance

- 1.1 The Audit Committee (the "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 comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules.
- 1.2 The majority of the Committee members must be independent non-executive directors of the Company.
- 1.3 The Chairman of the Committee shall be appointed by the Board from amongst the independent non-executive directors.

2. Secretary

- 2.1 The Company Secretary shall be the Secretary of the Committee.

3. Quorum

- 3.1 The quorum of a meeting of the Committee shall be two members.

4. Frequency of Meetings

- 4.1 The Committee shall meet not less than twice a year and at such times as the Chairman of the Committee shall require.
- 4.2 Meetings can be requested by the external auditors if they consider one is necessary.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Chairman of the Committee at the request of any member thereof.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the Committee, and any other person required to attend no fewer than 5 working days prior to the date of the meeting.

- 5.3 The documents tabled for the meetings of the Committee shall be forwarded to each member of the Committee and any other person required to attend no fewer than 2 working days prior to the date of the meeting.

6. Minutes of Meetings

- 6.1 Full minutes of the Committee meetings shall be kept by the Secretary.
- 6.2 Draft and final versions of minutes of the meetings shall be sent to all Committee members for their comment and records within a reasonable time after the meeting.

7. Annual General Meeting

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Duties and Responsibilities

- 8.1 The duties of the Committee shall be:

Relationship with the Company's auditors

- (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 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 ;
- (d) to act as the key representative body for overseeing the Company's relations with the external auditor.

Review of financial information of the Company

- (e) to monitor integrity of the Company's financial statements and annual reports and accounts, half-year reports 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 Listing Rules and legal requirements in relation to financial reporting;
- (f) Regarding (e) 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 auditors; and
 - ii. 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;

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

- (g) to review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;
- (h) 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;
- (i) 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;
- (j) to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (k) to review the group's financial and accounting policies and practices;

- (l) to review the external auditor's management letter, any material queries raised by the auditor to management about the accounting records, financial accounts or systems of control and management's response;
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (n) to report to the Board on the matters in the provision(s) of the Listing Rules;
- (o) to consider other topics, as defined by the Board; and
- (p) 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.

8.2 Reporting Responsibilities

- (a) The Committee's Chairman shall meet formally with the Board of Directors at least twice a year to discuss such matters as the annual report and the relationship with the external auditors.
- (b) In the light of its other duties the Committee shall make whatever recommendations to the Board it deems appropriate and shall compile a report to shareholders to be included in the company's annual report and accounts. The report should, in relation to such non audit services as have been provided by the auditors (if any), explain how auditors' objectivity and independence has been safeguarded.

9. Authority

9.1 The Company shall provide the Committee sufficient resources to perform its duties.

(Adopted since 6 April 2009,
1st amendment on 23 March 2012,
2nd amendment on 23 December 2015)