

**Wing Tai Properties Limited**  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 369)  
(the “Company”)

**Terms of Reference of  
Audit Committee**

**(Approved by the Board on 11 December 2015  
with effect from 1 January 2016)**

**A. Functions and Objectives**

The Audit Committee (the “Committee”) was established by the board of directors of the Company (the “Board”) on 9 March 1999 with a view to:-

1. complying with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”);
2. assisting the Board in overseeing and reviewing the effectiveness of the Company’s internal control system, risk management system and regulatory compliance;
3. assisting the Board in overseeing and reviewing the transparency and integrity of the Company’s financial statements and the application of financial reporting principles;
4. assisting the Board in overseeing and reviewing the relationship with the external auditor and the Company’s assessment on the independence of the external auditor; and
5. assisting the Board in overseeing and reviewing the Company’s internal audit function.

**B. Composition**

1. The Committee shall consist of not less than three members (the “Members”), a majority of them shall be independent non-executive directors.
2. The Chairman of the Committee shall be appointed by the Board and must be an independent non-executive director.

3. At least one of the independent non-executive directors serving as a Member must possess appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules.
4. Any former partner of the Company's existing auditing firm is precluded from serving as a Member for a period of one year 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).
5. The Company Secretary of the Company or his or her nominee, or such other person appointed by the Board shall be the secretary of the Committee.

### **C. Meetings**

1. The Committee shall meet at least twice a year. Additional meetings may be convened at the request of the Chairman of the Committee or the Chief Financial Officer of the Company.
2. The quorum of a meeting of the Committee shall be two Members.
3. The Committee may invite other persons (such as the Chief Financial Officer of the Company, the Head of Internal Audit of the Company and/or representatives of the external auditor etc.) to its meetings as it deems necessary. Other Board members shall also have the right of attendance.
4. The Committee shall meet with the external auditor at least twice a year without the presence of any executive directors of the Company.
5. Full minutes of meeting of the Committee shall be prepared and kept by the secretary of the Committee. Draft and final versions of those minutes shall be circulated to all Members for their comments and records respectively within a reasonable time after the meeting concerned.

### **D. Duties and Functions**

1. Without limiting the generality of the Committee's objectives set out above, the Committee shall have the following duties:

#### *1.1 Relationship with the Company's external auditor*

- a. to recommend to the Board on the appointment, reappointment 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, and to 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.

### *1.2 Review of financial information of the Company*

- a. 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 judgments contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments resulting from audit;
  - the going concern assumptions and any qualifications;
  - compliance with accounting standards; and
  - compliance with the Listing Rules and legal requirements in relation to financial reporting;
- b. regarding (a) above:-
  - the Members should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditor; 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 auditor;

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

- a. to review the Company's financial controls, risk management and internal control systems;
- b. 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;
- c. 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;
- d. 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 issuer, and to review and monitor its effectiveness;
- e. to review the group's financial and accounting policies and practices;
- f. 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;
- g. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- h. 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.

### *1.4 Other duties*

- a. to report to the Board on the matters in these Terms of Reference;
- b. to review from time to time as appropriate these Terms of Reference and the effectiveness of the Committee and recommend to the Board any necessary change;

- c. where the Committee's monitoring and review activities reveal caused for concern or scope for improvement, it shall make recommendations to the Board on action needed to address the issue or to make improvements;
- d. the Committee should establish a whistleblowing policy and system for employees to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the Company;and
- e. to consider other topics, as defined by the Board.

#### **E. Authority**

1. The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
2. 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 if it considers this necessary.

#### **F. Amendment**

Any amendment to these Terms of Reference shall be authorised by the Board.