



瑞安房地產
SHUI ON LAND

Shui On Land Limited 瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

TERMS OF REFERENCE OF AUDIT AND RISK COMMITTEE

Definition

1. For the purposes of these terms of reference (“*Terms*”):

Audit and Risk Committee means the audit and risk committee established by resolution of the Board in accordance with clause 2 of these Terms.

Board means the board of Directors of the Company.

Chief Financial Officer means the senior officer of the Company responsible for financial management as appointed by the Board from time to time.

Code means the Corporate Governance Code of the Listing Rules.

Company means Shui On Land Limited.

Company Secretary means the company secretary of the Company.

Directors mean the members of the Board.

Group means the Company and its subsidiaries and associated companies at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and associated companies, the present subsidiaries and associated companies of the Company or the businesses operated by its present subsidiaries and associated companies or (as the case may be) its predecessor.

Listing Rules mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

* For identification purposes only

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Senior Management means the chairman, vice chairman, chief executive officer, chief operating officer, chief financial officer and any other officer of the Group determined by the Board from time to time as senior management of the Company, and references to “Senior Management” include any one or more of the aforementioned persons who constitute Senior Management for the time being.

Shareholders mean the shareholders of the Company.

Stock Exchange means The Stock Exchange of Hong Kong Limited.

Constitution

2. The Board has resolved to establish a committee of the Board to be known as the Audit and Risk Committee.

Membership

3. The members of the Audit and Risk Committee shall be appointed by the Board from among the non-executive Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors and at least one of whom shall be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules. The quorum for meetings of the Audit and Risk Committee shall be two members.
4. A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Audit and Risk Committee for a period of two years from the date of the person ceasing:
 - a) to be a partner of the firm; or
 - b) to have any financial interest in the firm,whichever is later.
5. The chairman of the Audit and Risk Committee shall be appointed by the Board and shall be an independent non-executive Director.

Attendance at meetings

6. The Chief Financial Officer, other members of the Senior Management, and the heads of internal audit and information technology of the Company shall normally attend meetings of the Audit and Risk Committee. Representatives of the external auditor shall attend bi-annual meetings that review reported results. The Audit and Risk Committee shall have separate meetings with the external and internal auditors without executive Directors present at least once annually.

Frequency and conduct of meetings

7. Meetings of the Audit and Risk Committee shall be held in conjunction with Board of Directors' meetings, at least twice annually, and otherwise as indicated. The external and internal auditors may also request a meeting with the Audit and Risk Committee whenever one is indicated.

8. An agenda and accompanying board papers should be sent in full to all members of the Audit and Risk Committee in a timely manner and at least 3 days before the intended date of a meeting of the Audit and Risk Committee (or such other period as agreed by its members).
9. Senior Management is obliged to supply the Audit and Risk 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 Director requires more information than is volunteered by Senior Management, the relevant Director should make additional necessary enquiries. The Board and each Director shall have separate and independent access to the Senior Management.

Annual General Meetings

10. The chairman of the Audit and Risk Committee shall attend the Company's annual general meetings and be prepared to respond to any Shareholder's questions on the Audit and Risk Committee's activities.

Authority

11. The Audit and Risk Committee is authorised by the Board to investigate any activity within these Terms. 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 Audit and Risk Committee
12. The Audit and Risk Committee is authorised by the Board to obtain outside independent professional advice and to secure the attendance of outsiders with relevant experience and expertise and invite relevant personnel within the Company to attend meetings if it considers this necessary. The Audit and Risk Committee shall be provided with sufficient resources to discharge its duties. The Audit and Risk Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external party who advises the Audit and Risk Committee.

Duties

13. The duties of the Audit and Risk Committee shall include:

Relationship with the Group's auditors

- a) being primarily responsible for making recommendations 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 to consider any questions of resignation or dismissal of that auditor;
- b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- c) developing and implementing policy on the engagement of an external auditor to supply non-audit services and reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- d) discussing with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- e) meeting with the internal auditor and the external auditors from time to time to provide a regular communication channel;
- f) discussing problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of Senior Management where necessary);

Review of financial information of the Group

- g) monitoring integrity of the Group's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit and Risk Committee shall 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 any requirements from the Stock Exchange and other legal requirements in relation to financial reporting;
- h) in respect of (g) above:-
 - i. liaising with the Board and Senior Management;
 - ii. meeting, at least twice a year, with the Group's auditors; and
 - iii. considering any significant or unusual items that are, or may need to be, reflected in such financial statements, reports and accounts and giving due consideration to any matters that have been raised by the Group's qualified accountant, compliance officer or auditors;

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

- i) reviewing the Group's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the Group's risk management and internal control systems;
- j) discussing with Senior Management any matters in relation to the Group's risk management and internal control systems and ensuring that Senior Management has discharged its duties in establishing and maintaining effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budgets of the Group's accounting and financial reporting functions;

- k) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and Senior Management's response to these findings;
- l) reviewing the development and effectiveness of the Group's risk management framework and systems with a view to identifying and managing the risks faced by the Group including financial, operational (including people, process and third party risks), fraud, business continuity, legal, regulatory, technology, reputational, ESG (environmental, social and corporate governance), information security and cyber risks, and risks associated with the strategic direction, new products and change initiatives of the Group;
- m) ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing and monitoring the effectiveness of the internal audit function;
- n) reviewing the Group's financial and accounting policies and practices;
- o) reviewing the external auditor's management letter, any material queries raised by the auditor to Senior Management in respect of the accounting records, financial accounts or systems of control and Senior Management's response;
- p) ensuring that the Senior Management will provide a timely response to the issues raised in the external auditor's management letter as vetted by the Audit and Risk Committee for the consideration of the Board;
- q) reviewing arrangements by which employees of the Group may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters and ensuring that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;
- r) acting as the key representative body for overseeing the Group's relationship with the external auditor;

Corporate Governance Functions

- s) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;
- t) reviewing and monitoring the training and continuous professional development of Directors and Senior Management;
- u) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- v) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors;
- w) reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report;

Other Duties

- x) addressing and dealing with such other matters as may be delegated by the Board to the Audit and Risk Committee;
- y) reviewing from time to time as appropriate these Terms and recommending to the Board any necessary changes; and
- z) reporting to the Board on all matters in these Terms.

Disagreement as to external auditors

14. In the event the Board disagrees with the Audit and Risk Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Audit and Risk Committee shall provide a statement explaining its recommendations to the Company for inclusion in the Corporate Governance Report issued by the Company in accordance with the Listing Rules.

Reporting procedures

15. Minutes of the Audit and Risk Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.

Minutes of meetings of the Audit and Risk Committee shall record in sufficient detail the matters considered by the Audit and Risk Committee and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Audit and Risk Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.

16. Without prejudice to the generality of the duties of the Audit and Risk Committee set out in these Terms, the Audit and Risk 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.

Terms available

17. The Audit and Risk Committee shall make available these Terms on request and by inclusion on the Stock Exchange's website and the Company's website, thereby explaining its role and the authority delegated to it by the Board.

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