

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE OF  
SOHO CHINA LIMITED  
(THE “COMPANY”)**

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**Definitions**

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

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

*Board* means the board of Directors.

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

*Company Secretary* means the company secretary of the Company.

*Directors* means the directors of the Company.

*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).

*Remuneration Committee* means the remuneration committee of the Board established by the resolution of the Board.

*Senior Management* means the chairman, vice chairman (if any), chief executive officer, Chief Financial Officer, Company Secretary and any other officers of the Company appointed by the Board from time to time; any other officers of the Company whose remuneration package is, or is proposed to be, more favourable than that of any officer appointed by the Board; and any other employees of the Company as determined by the Remuneration Committee.

*Shareholder(s)* means the shareholder(s) of the Company.

*Stock Exchange* means The Stock Exchange of Hong Kong Limited.

## **Constitution**

2. The Board hereby resolves to establish a committee of the Board to be known as the Audit Committee.

## **Membership**

3. The members of the Audit Committee shall be appointed by the Board from amongst the non-executive Directors and shall consist of not less than three members, a majority of whom should be independent non-executive Directors and at least one of whom should be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules. A quorum 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 Committee for a period of one year from the date of his 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 Committee shall be appointed by the Board and shall be an independent non-executive Director.

## **Attendance at meetings**

6. The Chief Financial Officer, the head of internal audit of the Company (if any) and a representative of the external auditors shall normally attend meetings of the Audit Committee. However, at least twice a year the Audit Committee shall meet with the external and internal auditors (if any) without the executive Directors present.
7. The Company Secretary shall be the secretary of the Audit Committee.

## **Frequency of meetings**

8. Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

## **Annual General Meeting**

9. The chairman of the Audit Committee shall attend the Company's annual general meeting and be prepared to respond to any Shareholder's question on the Audit Committee's activities.

## **Authority**

10. The Audit 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 Audit Committee.
11. The Audit Committee is authorised by the Board to obtain outside independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Audit Committee should be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external auditors who advises the Audit Committee.

## **Duties**

12. The duties of the Audit Committee shall include:

### *Relationship with the Company's auditors*

- (a) making recommendation 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 its resignation or dismissal;
- (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 engaging an external auditor to supply non-audit services and report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) discussing with the external auditor before the audit commences, the nature and scope of the audit and reporting obligations, and ensuring co-ordination where more than one audit firm is involved;
- (e) 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 Company*

- (f) monitoring integrity of the Company's financial statements and annual report and accounts, half-yearly report and, if prepared for publication, quarterly report, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Audit 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;
- (g) In regard to (f) above:-
- (i) liaising with the Board and Senior Management;
  - (ii) meeting, at least twice a year, with the Company's auditors; and
  - (iii) considering any significant or unusual items that are, or may need to be, reflected in such report and accounts and giving 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 and internal control procedures*

- (h) reviewing the Company's financial controls, internal control and risk management systems;
- (i) discussing the internal control system with the Senior Management to ensure that the Senior Management has performed its duties in establishing and maintaining an effective internal control system, with such discussion including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (j) considering major investigation findings on internal control matters as delegated by the Board or on its own initiative and Senior Management's response to these findings;
- (k) where an internal audit function exists, ensuring 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 reviewing and monitoring its effectiveness;
- (l) reviewing the Group's financial and accounting policies and practices;
- (m) reviewing the external auditor's management letter, any material queries raised by the auditor to Senior Management about accounting records, financial accounts or systems of control and Senior Management's response;
- (n) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;

- (o) reporting to the Board on the matters set out in these Terms;
- (p) reviewing arrangements by which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and ensuring that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (q) acting as the key representative body for overseeing the Company's relations with the external auditor;
- (r) establishing a whistle blowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company; and
- (s) considering any other topics, as defined by the Board.

### **Reporting procedures**

13. Full minutes of the Audit Committee's meetings should be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary). Draft and final versions of minutes of such meetings should be sent to all members of the Audit Committee for their comment and records within a reasonable time after such meetings.
14. Without prejudice to the generality of the duties of the Audit Committee set out above, the Audit 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 such responsibility.

Date: 14 September 2007

Last amended on: 14 March 2012