

**CHINA RESOURCES LAND LIMITED**  
**(the “Company”)**  
**Terms of Reference for Audit Committee**

(Adopted on 4 September 1998)

(Revised on 4 December 2018)

**Constitution**

The board of directors of the Company (the “**Board**”) has established a Committee known as the Audit Committee (the “**Committee**”).

**Membership**

The members shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three members, 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 under rule 3.10(2) of the Listing Rules. The majority of the Committee members shall be independent non-executive directors.

The chairman of the Committee shall be appointed by the Board and should be an independent non-executive director and in his absence, members present may elect any member who is an independent non-executive director to chair a Committee meeting.

A former partner of the Company’s existing auditing firm (“**Auditing Firm**”) is prohibited from acting as a member of the Committee for a period of two years from the date of such person ceasing:

(a) to be a partner of the Auditing Firm; or

(b) to have any financial interest in the Auditing Firm, whichever is the later.

**Attendance at meetings**

The Committee members, the financial controller, the general manager of internal audit department, representative(s) of the external auditor and those with meaningful input to the Committee’s activities shall normally attend meetings. At least once a year the Committee shall meet with the external auditor and the general manager of the internal audit department without other executive Board members present.

The quorum of the Committee shall be any two members.

The company secretary of the Company or his delegate or such other person appointed by the chairman of the Committee shall be the secretary of the Committee (the “**Secretary**”).

**Frequency of meetings**

Meetings shall be held not less than 2 times a year and special meetings may be called at the discretion of the chairman of the Committee or at the request of the Board or senior management of the Company. The external auditors may request a meeting if they consider that one is necessary.

### **Authority**

The Committee is authorized by the Board to deal with any activities within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorized by the Board to obtain legal or other independent professional advices from independent third parties, and to require the independent third parties with relevant experience and expertise to attend the Committee meeting, if necessary.

### **Duties**

The duties of the Committee shall be:

(1) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and the terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(2) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, to discuss with the external auditor before the audit commences, the nature and scope of the audit and reporting obligations, and to ensure co-ordination where more than one audit firm is involved;

(3) 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), and to report to the Board, to identifying and making recommendations on any matters where action or improvement is needed;

(4) to monitor integrity of the Company's financial statements and annual report and accounts, interim report and quarterly financial highlights (or quarterly reports when required by the Listing Rules or when deemed appropriate by the Company), and to review quarterly (as the case may be) significant financial reporting judgments 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 the 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;

(5) in conducting the review described in (4) above, members of the Committee should:

(i) liaise with the Board and senior management and meet with the auditors at least twice a year;

(ii) consider any significant or unusual items that are, or may need to be, reflected in the report and accounts and 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; and

(iii) to discuss with the auditors problems and reservations arising from the interim review and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);

(6) to review the Company's financial controls, risk management and internal control systems;

(7) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems, and evaluate every year whether such systems are effective, sufficient and suitable. This evaluation should include but not limited to all important aspects of internal controls (including strategy, financial, operational, information technology, risk management, legal and compliance controls etc.), the adequacy of resources, staff qualifications and experience, training programmes and budget of the group's accounting and financial reporting function;

(8) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings;

(9) 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 controls and management's response;

(10) to review and monitor the effectiveness of the internal audit function, 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;

(11) where an internal audit function exists, to ensure coordination 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;

(12) to review the group's financial and accounting policies and practices;

(13) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(14) 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;

(15) to act as the key representative body for overseeing the Company's relationship with the external auditor;

(16) to report to the Board on the matters in the paragraphs set out in this section of the terms of reference of the Committee; and

(17) to consider other topics, as defined by the Board.

### **Reporting procedures**

The chairman of the Committee, in consultation with the other Committee members, should be responsible for drawing up and approving the agenda for each Committee meeting. The chairman, with the assistance of the Secretary, shall ensure that all members shall have sufficient information in a timely manner to enable effective discussion at a Committee meeting. The Secretary shall record minutes of all duly constituted meetings of the Committee. All minutes shall record in sufficient detail the matters considered, decisions reached or recommendations made and any concerns raised by any member, the external auditor and the general manager of internal audit department including dissenting views of any member. The Secretary or his representative shall circulate the draft and final versions of the minutes and reports of the Committee to all members of the Committee for their comments and records within a reasonable time after each meeting. The Committee shall report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so.