



大中華地產控股有限公司
GREAT CHINA PROPERTIES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 21)

AUDIT COMMITTEE

TERMS OF REFERENCE

Re-adopted by the Company pursuant to the Board resolution passed on 31 December 2015

Constitution

1. The audit committee (the “Committee”) was established as a committee of the board of directors (the “Board”) of Great China Properties Holdings Limited (the “Company”). On 31 December 2015, the Board resolved to amend the terms of reference of the Committee pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Objective and Role

2. The Committee is responsible for:
 - (a) ensuring the objectivity and credibility of financial reporting, and that in presenting results to the shareholders, the directors have exercised the care, diligence and skills prescribed by law;
 - (b) ensuring an effective system of internal controls of the Company is in place; and
 - (c) maintaining an appropriate relationship with the external auditors of the Company.

Membership

3. The members of the Committee shall be appointed by the Board and shall consist of non-executive directors of the Company only and at least three members. There shall be at least one member of the Committee with appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules.
4. The chairman of the Committee shall be appointed by the Board and must be an independent non-executive director of the Company.
5. The majority of the members of the Committee must be independent non-executive

directors of the Company.

6. A former partner of the Company's existing auditing firm should be prohibited from acting as a member of the Committee for a period of 1 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.

Attendance at Meetings

7. The Committee may invite any appropriate person to attend meetings of the Committee as it considers appropriate, including the chief financial officer, representative(s) of the external auditors and other Board members. However, at least once a year the Committee shall meet with the external auditors without executive Board members present.
8. The secretary of the Company (the "Company Secretary") shall be the secretary of the Committee. The Company Secretary or, in his/her absence, his/her delegate(s) or any person elected by the members present at the meeting of the Committee, shall attend the meeting of the Committee and take minutes.

Frequency of Meetings

9. Meetings shall be held at least twice a year and at such other times as the Committee determines is appropriate to carry out its responsibilities. The external auditors may request a meeting if they consider that one is necessary.

Authority

10. 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.
11. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance at meetings of the Committee of outside advisers with relevant experience and expertise if it considers this necessary.
12. The Committee shall have available appropriate funding from the Company, as requested by the Committee, for (i) remuneration of any advisers employed by the Committee and (ii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee shall be provided

with sufficient resources to perform its duties.

13. The Committee may authorise any one or more of its members or the chairman of the Committee to take any action (subject to applicable legal or regulatory requirements) and may impose any regulations upon such authorised person(s), when it deems appropriate and in the best interests of the Company.
14. All members of the Committee shall have access to the advice and services of the Company Secretary, and separate and independent access to the Company's senior management for obtaining necessary information.

Duties

15. The duties of the Committee shall be:

Relationship with the Company's auditor

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

Review of the Company's financial information

- (e) to monitor integrity of the Company's financial statements, annual report (relevant sections) and accounts and half-year report, 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:

- (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 auditor; 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) where an internal audit function exists, to ensure co-ordination between the

internal and external auditor, 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 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 Appendix 14 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.

The above duties extend to the Company and its subsidiaries where applicable and/or necessary as required by applicable laws and rules.

Meeting Procedures

- 16. The meetings and proceedings of the Committee shall be governed by the provisions of the Company's Articles of Association for regulating the meetings and proceedings of the Board, except as otherwise determined by the Board from time to time.
- 17. The quorum for meetings shall be two members of the Committee.
- 18. Full minutes of the Committee meetings should be kept by the Company Secretary. Draft and final versions of minutes of the Committee meetings should be sent to all Committee members for their comment and records respectively, in both cases within a reasonable time after the meeting.

Reporting Responsibilities

- 19. The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

Annual General Meeting

20. The chairman of the Committee or in his/her absence, another member of the Committee or failing this, his/her duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions at the annual general meeting on the Committee's work and responsibilities.

Frequency of Review

21. This Term of Reference should be reviewed on an annual basis and when necessary, can be revised by the Board from time to time.

Note: If there is any inconsistency between the English and Chinese versions of this Term of Reference, the English version shall prevail.