



瑞安建業有限公司*
SOCAM Development Limited
(the “Company”)

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

Terms of Reference of Audit Committee

(1) Objectives

To assist the board in fulfilling its responsibilities by providing an independent review of financial reporting and satisfying the committee itself as to the effectiveness of the risk management and internal controls of the Company and its subsidiaries (collectively, the “Group”), and the adequacy of the external and internal audits.

(2) Composition

Members : The audit committee shall comprise a minimum of three members, all of whom shall be 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. The majority of the audit committee members shall be independent non-executive directors. The chairman must be an independent non-executive director.

Secretary : Company Secretary

(3) Authority

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 may require from any employee and all employees are directed to cooperate with any request made by the committee.

The committee is also 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, at the Company’s expense, if it considers this necessary.

(4) Duties

The duties of the audit committee are:

- (a) to be primarily responsible for making recommendations to the board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and handle 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, and to report to the board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) to monitor the integrity of financial statements and the annual report and accounts, the half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports and accounts 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 external and internal audits;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and legal requirements in relation to financial reporting;
- (e) Regarding (d) above:
 - (i) members of the committee should liaise with the board and senior management of the Company, and the committee must meet, at least twice a year, with the auditors; and
 - (ii) the committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, and 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;
- (f) to review the Group's financial controls, risk management and internal control systems;

- (g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems, and such discussion should include the adequacy of resources, staff qualifications and experience, and training programmes and budget of the Company's accounting, internal audit and financial reporting functions;
- (h) 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;
- (i) 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, and to review and monitor its effectiveness;
- (j) to review the Group's financial and accounting policies and practices;
- (k) 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;
- (l) to ensure that the board will provide a timely response to the issues raised in the external auditor's management letter;
- (m) to act as the key representative body for overseeing the Company's relationship with the external auditor;
- (n) to review arrangements by which employees of the Group 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;
- (o) to report to the board on the above matters; and
- (p) to consider other topics, as defined by the board.

(5) Meetings

Frequency: Four times each year and as necessary

Quorum : Two members, one of whom shall be an independent non-executive director

The Chief Financial Officer, the senior executive in charge of the internal audit function and a representative of the external auditor shall normally attend the meetings of the committee. The committee may invite any director, executive or other person to attend any meeting as it may from time to time consider appropriate or necessary.

(6) Reporting

Each year, the chairman of the audit committee shall present a report to the board which addresses the work and findings of the committee during the year. This annual report shall be issued upon completion of the financial year and shall include, where appropriate:

- (a) conclusions on the discussions with the external auditor regarding their work and findings on the half-year and annual financial statements and management letter (if any);
- (b) recommendations on the appointment of external auditor which should cover an assessment of the quality of service and the reasonableness of the fees charged and any questions of resignation, replacement or dismissal;
- (c) conclusions on the efficacy of the risk management and internal control systems; and
- (d) conclusions about the work of the internal audit function and management's response to internal audit findings.

The secretary shall circulate the draft minutes of meetings of the audit committee to all members of the committee within a reasonable time for comment and the final signed versions to all members of the committee.

(As amended with effect from 28 August 2015)

** For identification purpose only*