



TALENT PROPERTY GROUP LIMITED (THE “COMPANY”)

新天地產集團有限公司*

(Stock code: 760)

Terms of reference for the Audit Committee

(updated on 31 Jan 2012)

Definition

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

Audit Committee means the audit committee established accordance to these Terms by resolution of the Board

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.

Company Secretary means the company secretary of the Company.

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

Senior Management means the chairman, chief executive officer, president, vice president and any other officer of the Group determined by the Board from time to time as senior management of the Company.

Shareholders means the shareholders of the Company.

Stock Exchange means The Stock Exchange of Hong Kong Limited.

* For identification purposes only

Constitution

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

Membership

The members of the Audit Committee shall be appointed by the Board among non-executive directors only. The audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2). The majority of the audit committee members must be independent non-executive directors of the Company. The audit committee must be chaired by an independent non-executive director. The quorum for meetings of the Audit Committee shall be two members.

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 commencing on the date of his ceasing:

- to be a partner of the firm; or
- to have any financial interest in the firm,

whichever is later.

Attendance at meetings

The Chief Financial Officer of the Company and a representative of the external auditors shall normally attend meetings of the Audit Committee. However, at least once a year the Audit Committee shall meet with the external and internal auditors, if any, without the executive Directors present.

Frequency and conduct of meetings

Meetings shall be held not less than twice a year.

An agenda and accompanying board papers should be sent in full to all Directors in a timely manner and at least 3 days before the intended date of a meeting of the Audit Committee (or such other period as agreed by its members).

Senior Management is obliged to supply the Audit 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 member of the Committee requires more information than is volunteered by Senior Management, the relevant member should make additional necessary enquiries.

Annual General Meetings

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

Authority

The Audit 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 Committee.

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 shall be provided with sufficient resources to discharge its duties. The Audit 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 Committee.

Duties

The duties of the Audit Committee shall include:

Relationship with the Group's auditors

- (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 audit 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 audit committee should report to the board, identifying and making recommendations on any matters where action or improvement is needed.

Review of financial information of the Group

- (d) 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 this regard, in reviewing the Group's annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports before submission to the Board, the Audit 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;
- (e) in respect of the above:-
- i. liaising with the Board and Senior Management and meeting, at least twice a year, with the Group's auditors; and
 - ii. 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 and internal control procedures

- (f) reviewing the Group's financial controls, internal control and risk management systems;
- (g) discussing with Senior Management any matters in relation to the Group's internal control system and ensuring that Senior Management has discharged its duties in establishing and maintaining an effective internal control system. 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;
- (h) considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and Senior Management's response;
- (i) where an internal audit function exists, 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;
- (j) reviewing the Group's financial and accounting policies and practices;
- (k) 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;
- (l) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (m) 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;
- (n) acting as the key representative body for overseeing the Group's relationship with the external auditor; and
- (o) reporting to the Board on the matters set out in these Terms;
- (p) considering any other topics, as defined by the Board.

Disagreement as to external auditors

In the event the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Audit 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 Appendix 23 of the Listing Rules.

Reporting procedures

Full minutes of the Audit 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.

Draft and final versions of minutes of such meetings should be sent to all members of the Audit Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.

Without prejudice to the generality of the duties of the Audit Committee set out in these Terms, 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 its ability to do so.

Terms available

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

(If there is any inconsistency or ambiguity between the English version and the Chinese version, the English version shall prevail.)