



天津港發展控股有限公司

Tianjin Port Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03382)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (The “Committee”)

Membership

1. The Committee is appointed by the board of directors (the “Board”) of Tianjin Port Development Holdings Limited (the “Company”). The Committee shall consist of at least three members. All members of the Committee shall be non-executive directors and the majority of whom shall be independent non-executive directors and at least one member 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 Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.
2. The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.
3. The company secretary of the Company shall act as the secretary of the Committee (the “Secretary”).

Meetings

4. The Committee shall meet at least twice every year. Additional meetings shall be held as the work of the Committee demands. The external auditor may request a meeting if it considers necessary.
5. The quorum of a meeting shall be two members. A duly convened meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
6. Minutes of the Committee meetings should be kept by the Secretary. Draft and final versions of minutes of the meetings should be sent to all members of the Committee for their comment and records, within a reasonable time after the meeting.

7. The chief financial officer, head of risk management, head of internal audit and representatives of the external auditor of the Company may be invited to attend meetings. Other members of the Board may request or be invited to attend meetings. The Committee shall meet with external auditor without the presence of executive directors (except those invited by the Chairman of the Committee) at least once a year.

Authority

8. 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 of the Company or its subsidiaries (together, the “Group”) and all employees of the Group are directed to co-operate with any request made by the Committee.
9. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of such advisers with relevant experience and expertise at its meetings if necessary.
10. The Committee shall be provided with sufficient resources to perform its duties.

Duties

11. The Committee shall:
 - (a) 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) 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) 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) act as the key representative body for overseeing the Company's relationship with the external auditor;
- (e) monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and review significant financial reporting judgements 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 external 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;
- (g) review the Company's financial controls, risk management and internal control systems;
- (h) 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) 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) review the Company's statement on risk management and internal control (where one is included in the annual report) prior to endorsement by the Board;
- (k) where an internal audit function exists, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and review and monitor its effectiveness;
- (l) review the Group's financial and accounting policies and practices;
- (m) discuss with the external auditor any problems, reservations and recommendations arising from the interim review and final audit, and any matters the auditor may wish to discuss (in the absence of management where necessary);
- (n) 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;
- (o) ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (p) review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (q) consider other topics, as defined by the Board; and
- (r) report to the Board on the above matters.

Reporting

12. The Committee shall report to the Board on a regular basis on its decisions or recommendations and any matters within its terms of reference, unless there are legal or regulatory restrictions on its ability to do so.

Other

13. The Chairman of the Committee shall attend the annual general meeting of the Company to answer shareholder questions on the Committee activities. If the Chairman of the Committee is absent, another member of the Committee or failing this his duly appointed delegate, shall attend.