



澳門勵駿創建有限公司
Macau Legend Development Ltd

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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1680)

Terms of Reference for Audit Committee

Purpose

1. The purpose of the Audit Committee is to assist the board of directors (the “**Board**”) of Macau Legend Development Limited (the “**Company**”) to establish formal and transparent arrangements for considering how the Board will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company’s auditors.

Composition

2. The Audit Committee shall comprise a minimum of three (3) members consisting of non-executive directors. The majority of the Audit Committee must be independent non-executive directors of the Company who should meet the independence requirements set out in Rule 3.13 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). In addition, the Audit Committee must comprise of at least one independent non-executive director with the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.
3. The chairman of the Audit Committee (the “**Chairman**”) shall be appointed by the Board and must be an independent non-executive director.
4. 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 (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.

Meetings

5. The company secretary of the Company (the “**Company Secretary**”) shall be the secretary of the Audit Committee.

6. Meetings of the Audit Committee shall be summoned by the Company Secretary at the request of the Chairman.
7. The Audit Committee shall meet at least twice annually, every time some financial information is released, in case of any transaction that has significant financial consequences and more frequently if circumstances require it and shall act by unanimous written consent. The Board, any Audit Committee member and the external auditors may request a meeting if they consider that one is necessary.
8. The chief financial officer of the Company, the head of internal audit department and a representative of the external auditors, where appropriate, shall attend these meetings. Other Board members shall also have the right of attendance. However, at least once a year, the Audit Committee shall meet with the external auditors without executive Board members present.
9. The Chairman (or in his or her absence, a member designated by the Chairman) shall preside at all meetings of the Audit Committee. The Chairman shall be responsible for leading the Audit Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.
10. For regular meetings and as far as practicable in all other cases, an agenda and accompanying committee papers should be sent, in full, to all members of Audit Committee. These should be sent in a timely manner and at least 3 days before the intended date of meeting (or such other agreed period as agreed).

Quorum

11. The quorum necessary for the transaction of business shall be three (3), two of whom must be independent non-executive directors, including one that has appropriate professional qualifications or accounting or related financial management expertise as required under Listing Rule 3.10(2). A duly convened meeting of the Audit Committee 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 Audit Committee.

Access

12. The Audit Committee shall have full access to management and may invite members of management or others to attend its meetings as necessary or desirable.
13. The Audit Committee shall be provided with sufficient resources to discharge its duties.

Reporting Procedures

14. The Audit Committee shall evaluate and assess the effectiveness of the Audit Committee and the adequacy of the Audit Committee Terms of Reference on an annual basis and recommend any proposed changes to the Board.
15. Full minutes of the Audit Committee meetings should be kept by the duly appointed Company Secretary. Minutes of meetings of the Audit Committee should record in sufficient detail the matters considered and decisions reached, including any concerns raised or dissenting views expressed. Draft and final versions of meeting minutes should be sent to all committee members of the Audit Committee for their comment and records respectively, in both cases within a reasonable time after the meeting.
16. Minutes of meetings of the Audit Committee and the record of individual attendance at such meetings shall be prepared by the Company Secretary which shall be sent to all members of the Board as soon as practicable after the conclusion of any meeting of the Audit Committee and should be open for inspection at any reasonable time on reasonable notice by any member of the Board.

Authority

17. The Audit Committee is authorised by the Board to investigate any activity within these Terms of Reference. It is authorised to seek any information it requires from any employee and all employees, including the Company's chief financial officer, are directed to cooperate as requested by members of the Audit Committee.
18. The Audit Committee is 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 meetings of the Audit Committee if it considers this necessary.
19. The Audit Committee shall report to the Board any suspected frauds and irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.

Annual General Meeting

20. The Chairman shall attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Audit Committee's activities. In his absence, one other member of the Audit Committee or failing this his duly appointed delegate should attend.

Duties

21. The duties of the Audit Committee as stated by the Board are the following:

- (a) to make 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" shall include 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 as 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;
- (d) to monitor the integrity of the Company's financial statements and annual reports and accounts, half yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit 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;
- (e) in relation to paragraph (d) above:
 - (i) members of the Audit Committee should liaise with the Board and the senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and

- (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports 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;
- (f) 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;
- (g) to discuss the risk management and internal control systems with the 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;
- (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) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has the appropriate standing within the Company, and to review and monitor its effectiveness;
- (j) to review the Company's group 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 report to the Board on the matters in the Corporate Governance Code (Appendix 14 of the Listing Rules);
- (n) 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;
- (o) to act as the key representative body for overseeing the Company's relationship with the external auditors;
- (p) to review ongoing connected transactions of the Company and ensure compliance with terms of approval by shareholders of the Company;
- (q) to review the draft representation letter prior to approval by the Board;

- (r) to recommend to the Board any appropriate extensions to, or changes, in the duties of the Audit Committee;
- (s) to review the findings of internal investigations and management's response into any suspected frauds or irregularities or failures of internal controls or infringements of laws, rules and regulations;
- (t) to apprise the Board of significant developments in the course of performing the above duties; and
- (u) to consider such other matters as the Board may from time to time determine.

General

- 22. The Audit Committee should make available these Terms of Reference, explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange's website and the Company's website.
- 23. Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the Corporate Governance Report a statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.
- 24. For the purpose of these Terms of Reference, "senior management" means the same persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules, as such rule may be amended from time to time.

Dated: 5 February 2016

* *For identification purposes only*