



阿里巴巴網絡有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1688)

Audit Committee's Terms of Reference

Definitions

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

Audit Committee means the audit committee established by the resolution of the Board in accordance with clause 2 of these Terms.

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 means Alibaba.com Limited.

Company Secretary means the company secretary of the Company.

Directors means the members of the Board.

Listing Rules mean the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time).

Shareholders means the shareholders of the Company.

Stock Exchange means The Stock Exchange of Hong Kong Limited.

Constitution

2. The Board has resolved to establish a committee of the Board known as the Audit Committee and has adopted these Terms as the terms of reference for the Audit Committee.

Membership

3. The members of the Audit Committee shall be appointed by the Board from time to time among the non-executive Directors and shall consist of not less than three members, a majority of whom shall be independent 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 as required by the Listing Rules.

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 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.

5. The chairman of the Audit Committee shall be appointed by the Board and shall be an independent non-executive Director.

6. The Company Secretary shall be the secretary of the Audit Committee. The Audit Committee may, from time to time, appoint any other person with the appropriate qualification and experience as secretary of the Audit Committee.

Attendance at meetings

7. The Chief Financial Officer, the head of internal audit of the Company and a representative of the external auditors shall normally attend meetings of the Audit Committee. Other members of the Board and any other person may attend the meetings of the Audit Committee at the invitation of the chairman of the Audit Committee. However, at least once a year the Audit Committee shall meet with the external and internal auditors without the executive Directors present except by invitation of the chairman of the Audit Committee.

Frequency and conduct of meetings

8. Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

9. Notice of any meetings shall be given at least 7 days prior to any such meeting being held, unless all members of the Audit Committee unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a member of the Audit Committee shall be deemed waiver of the requisite length of notice by such member. Notice of any adjourned meetings is not required if adjournment is for less than 7 days. Meeting papers should be sent, in full, to all members of the Audit Committee 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).

10. The quorum of the Audit Committee shall be any two members of the Audit Committee. Meetings may be held in person, by telephone or by video conference.

11. Resolutions of the Audit Committee at any meetings shall be passed by a majority of votes of the members of the Audit Committee present. A resolution in writing signed by all the members of the Audit Committee shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.

12. Management of the Company 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 Audit Committee requires more information than is volunteered by the management of the Company, the relevant member of the Audit Committee should make additional necessary enquiries. Each member of the Audit Committee shall have separate and independent access to the management of the Company.

Annual General Meetings

13. The chairman of the Audit Committee, or in the absence of the chairman of the Audit Committee, another member of the Audit Committee, or failing him, his duly appointed alternate, shall attend the annual general meetings of the Company and be available to answer questions thereat on the Audit Committee's activities and its responsibilities.

Authority

14. 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.

15. 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 perform 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

16. The duties of the Audit Committee shall include:

Relationship with the Company's auditors

- (a) being 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 to consider any questions of its resignation or dismissal;
- (b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) developing and implementing policy on engaging an external auditor to supply non-audit services and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;

- (d) discussing with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (e) discussing problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of the management of the Company where necessary);

Review of financial information of the Company

- (f) monitoring integrity of the Company'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 reviewing these 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 legal requirements in relation to financial reporting;
- (g) in respect of (f) above:
 - (i) liaising with the Board and senior management of the Company;
 - (ii) meeting, at least twice a year, with the Company's auditors; and
 - (iii) considering any significant or unusual items that are, or may need to be, reflected in the financial statements, reports and accounts and giving 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 and internal control procedures

- (h) reviewing the Company's financial controls, internal control and risk management systems;
- (i) discussing the internal control system with management of the Company and ensuring that the management of the Company has performed its duties in establishing and maintaining an effective

internal control system. This discussion shall include adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

- (j) considering major investigation findings on internal control matters as delegated by the Board or on its own initiative and the response of the management of the Company to these findings;
- (k) 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 Company, and reviewing and monitoring its effectiveness;
- (l) reviewing the Company's financial and accounting policies and practices;
- (m) reviewing the external auditor's management letter, any material queries raised by the auditor to the management of the Company about accounting records, financial accounts or systems of control and the response of the management of the Company;
- (n) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (o) reporting to the Board on the matters in these Terms;
- (p) reviewing arrangements employees of the Company and its subsidiaries can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and ensuring that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (q) acting as the key representative body for overseeing the Company's relationship with the external auditor;
- (r) performing the corporate governance function of the Board, including:
 - (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
 - (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;
 - (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
 - (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and

- (v) reviewing the Company's compliance with the code and disclosure in the corporate governance report;
- (s) reviewing the system and procedures with respect to connected transactions (as defined in the Listing Rules) to ensure compliance with the requirements of the Listing Rules; and
- (t) considering any other topics, as defined by the Board.

Disagreement as to external auditors

17. 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 and also reasons why the Board has taken a different view for inclusion in the Corporate Governance Report issued by the Company in accordance with Appendix 14 of the Listing Rules.

Reporting procedures

18. Full minutes of the Audit Committee's meetings shall be kept by a duly appointed secretary of the meeting and shall be available for inspection at any reasonable time on reasonable notice by any Director.

19. Minutes of meetings of the Audit Committee shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes should be sent to all members of the Audit Committee for their comment and records respectively, within a reasonable time after such meetings.

20. 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 prohibited by applicable law or regulations.

Terms available

21. The Audit Committee shall make available these Terms by including them on the Company's website and the Stock Exchange's website.

(Adopted on November 4, 2007 and revised on February 21, 2012)