POLY PROPERTY SERVICES CO., LTD.

保利物業服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

CHAPTER 1 MEMBERS

Article 1 The audit committee (the "**Audit Committee**") of Poly Property Development Co., Ltd. (the "**Company**") shall be established by the board of directors of the Company (the "**Board**") and it shall comprise a minimum of three members.

Article 2 The Audit Committee shall comprise non-executive directors only. The majority of the Audit Committee members (the "**Member(s)**") shall be independent non-executive directors, and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or relevant financial management expertise.

Article 3 The Audit Committee shall be chaired by an independent non-executive director appointed by the Board.

Article 4 A former partner of the Company's existing auditing firm shall be prohibited from acting as a Member for a period of two years from the date when he/she (a) ceases to be a partner of the firm; or (b) no longer has any financial interest in the firm, whichever is later.

Article 5 Members shall be elected for a term of office equivalent to that of the directors. Upon the expiration of their terms of office, they could be re-elected and re-appointed. Any Member who ceases to be a member of the Board during his/her term of office shall automatically cease to be a Member. The Board shall fill the vacancy if the number of Members falls short of the minimum requirements.

CHAPTER 2 SECRETARY

Article 6 The company secretary, any joint company secretary of the Company or his/her delegate shall act as the secretary of the Audit Committee.

Article 7 The Audit Committee may, from time to time, appoint any other person with appropriate qualification and experience to act as the secretary of the Audit Committee.

CHAPTER 3 MEETINGS

Article 8 The Audit Committee shall meet at least twice a year. The external auditor of the Company who undertakes the Company's auditing business (the "**External Auditor**") may request the Audit Committee to convene a meeting as and when necessary.

Article 9 Notice shall be given within a reasonable period of time prior to a meeting, unless such notice is waived by all Members. Notwithstanding the notification period given, the attendance of the Members at the meeting shall be deemed as a waiver by the Members for the required notification period. An agenda and the relevant documents for the meeting shall be delivered at least three days prior to the date of the meeting or such time as otherwise agreed.

Article 10 A meeting of the Audit Committee can only be held with the attendance of more than two-thirds of the Members, one of whom must be an independent non-executive director.

Article 11 Meetings may be attended in person or via electronic means including telephone or video-conferencing. Members may attend a meeting via telephone or any similar communication device (provided that all persons attending such meeting shall be able to hear each other via such communication device).

Article 12 Resolutions of the Audit Committee shall be passed by more than half of all Members.

Article 13 A resolution in writing passed and signed by all Members of the Audit Committee shall as valid as if it had been passed at a meeting duly convened and held by the Audit Committee.

Article 14 Minutes of any meeting of the Audit Committee shall be kept by a duly appointed secretary of the meeting and shall be open for inspection at any reasonable time on reasonable notice by any director. Minutes of the meetings of the Audit Committee shall be recorded in sufficient detail the matters considered and decisions reached thereat, including any concerns raised or dissenting views expressed by the directors. Draft and final versions of the minutes shall be sent to all directors for their comments and records respectively, within a reasonable time after a meeting of the Audit Committee is held.

Article 15 Any Member may request at any time to convene a meeting as and when necessary.

CHAPTER 4 MEETING ATTENDANCE

Article 16 The following persons may attend a meeting at the invitation of the Audit Committee:

(1) head of internal audit department or (if absent) the representative of the internal audit department;

(2) chief financial officer of the Company (or any person responsible for the equivalent position); and

(3) other Board members.

Article 17 Only the Members may vote at the meetings.

CHAPTER 5 ANNUAL GENERAL MEETING

Article 18 The chairman of the Audit Committee or (if absent) another Member (or his/her duly appointed proxy if such Member is unable to attend) shall attend the annual general meeting of the Company and respond to the enquiries raised by shareholders in relation to the activities and responsibilities of the Audit Committee.

CHAPTER 6 FUNCTIONS, POWERS AND DUTIES

Article 19 To exercise the functions and powers of the Supervisory Committee as stipulated in the Company Law of the People's Republic of China:

(1) to examine the Company's financial affairs;

(2) to monitor any acts of directors and senior management in their performance of duties, and to propose dismissal of any directors and senior management who violate the laws, administrative regulations, the Articles of Association or any resolutions of shareholders' general meetings;

(3) to demand rectification from a director and senior management when the acts of such persons prejudice the Company's interest;

(4) to propose to convene an extraordinary general meeting; and to convene and chair the shareholders' general meeting in case the Board of Directors fails to fulfil the obligations prescribed by the Company Law to convene and chair the shareholders' general meeting;

(5) to submit proposals to the shareholders' general meeting;

(6) to institute a suit to the directors and senior management according to Article 189 of the Company Law;

(7) to exercise other functions and powers specified in the laws, administrative regulations and the Articles of Association.

Article 20 Relationship with the External Auditor

(1) 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 to deal with any issues related to resignation or dismissal of the external auditor;

(2) to review and supervise the independence and objectivity of the external auditor and the effectiveness of the auditing process in accordance with applicable standards; and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

(3) to formulate and implement policies 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 auditing firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the auditing firm nationally or internationally;

(4) to report and recommend to the Board any action or improvement needs to be taken or made.

Article 21 Review of the Company's financial information

(1) to monitor the integrity of the financial statements, annual reports and accounts, interim reports and, if prepared for publication, quarterly reports of the Company, and to review the 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 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 (the "**Listing Rules**") and legal requirements in relation to financial reporting; and

(2) Regarding item (1) above,

(i) Members of the Audit Committee shall liaise with the Board and senior management and the Audit Committee shall meet, at least twice a year, with the external auditor of the Company; and

(ii) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and it shall 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 external auditor.

Article 22 Oversight of the Company's financial reporting system, risk management and internal control systems

(1) to review the Company's financial controls, and unless expressly addressed by a separate risk committee of the Board, or by the Board, to review the Company's risk management and internal control systems;

(2) to discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to develop effective systems. This discussion shall include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions;

(3) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings;

(4) to ensure coordination 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;

(5) to review the financial and accounting policies and practices of the Company and its subsidiaries;

(6) to review the external auditor's management letter, any material queries raised by the external auditor to the management about accounting records, financial accounts or risk management and control systems and the management's response;

(7) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(8) to act as the key representative body for overseeing the Company's relationship with the external auditor;

(9) to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(10) to report to the Board on the matters in the code provisions under Appendix C1 to the Listing Rules;

(11) to consider other topics, as defined by the Board;

(12) where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Company shall 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.

Article 23 Performing the Company's corporate governance functions

(1) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(2) to review and monitor the training and continuous professional development of the directors and senior management of the Company;

(3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and

(5) to review the Company's compliance with the code provisions under Appendix C1 to the Listing Rules and disclosure in the Corporate Governance Report.

CHAPTER 7 AUTHORITY

Article 24 The Audit Committee shall have the right to inspect all accounts, reports and records of the Company.

Article 25 The Audit Committee shall have the right to request the management of the Company to provide data related to the financial position of the Company, its subsidiaries or affiliated companies as necessary for performing its duties.

Article 26 In case that the Audit Committee discovers any unusual operation of the Company, the Audit Committee may investigate it and, when necessary, may engage professionals such as lawyers and accounting firms to assist its work, with the reasonable expense incurred for this purpose to be borne by the Company.

Article 27 The Audit Committee shall make available its terms of reference on the websites of The Stock Exchange of Hong Kong Limited and the Company to explain its roles and the authority delegated to it by the Board, and shall be provided with sufficient resources to perform its duties.

This terms of reference is prepared in both Chinese and English. In the event of inconsistency, the Chinese version shall prevail.