

**Burwill Holdings Limited**  
**(the “Company”)**

**Audit Committee - Terms of reference**  
**(As Adopted and Amended by the Board of Directors of the Company,**  
**effective 17 April 2009)**

**1. Constitution, membership and attendance**

- 1.1 The Audit Committee is constituted pursuant to bye-law 102 of the Bye-Laws of the Company.
- 1.2 The members of the Audit Committee shall be appointed by the board of Directors of the Company (the “Board”) from amongst the Non-Executive Directors of the Company. Majority of members of the Audit Committee shall be Independent Non-Executive Directors, at least one of whom shall have relevant financial experience. The Audit Committee shall consist of not less than three members.
- 1.3 The chairman of the Audit Committee (the “Chairman”), who shall be an Independent Non-Executive Director, shall be appointed by the Board amongst the members of the Audit Committee. In the absence of the Chairman from any meeting, the remaining members of the Audit Committee present shall elect one of their members to be the chairman of the Committee meeting.
- 1.4 The Company Secretary of the Company shall act as the secretary of the Audit Committee (the “Secretary”).
- 1.5 The senior management of the Company’s Finance Department shall normally attend the Committee meetings. The Audit Committee may invite any Executive Director(s) and representatives of the external auditors and/or such members of the executive management of the Group as they shall deem appropriate to attend the Committee meetings. Other Board members shall also have the right of attendance. At least once a year the Audit Committee shall meet with the external and/or internal auditors.

**2. Quorum of meetings**

- 2.1 The quorum necessary for the transaction of business shall be two members.

**3. Frequency of meetings**

- 3.1 Meetings of the Audit Committee shall be held not less than twice a year at approximately half-year intervals and at such other times as the Chairman or any other member of the Audit Committee shall require. The Chairman of the Company and/or the external auditors may request a meeting if they reasonably consider that one is necessary.

#### **4. Notice of meetings**

- 4.1 Meetings of the Audit Committee may be convened by the Secretary at the request of any member thereof, or by any member of the Audit Committee, with notice of at least 14 days should be given of a regular Committee meeting. For all other Committee meetings, reasonable notice should be given.
- 4.2 Notice may be given in writing or by telephone or in such other manner as the Audit Committee may from time to time determine. Any member of the Audit Committee may waive notice of any Committee meeting either prospectively or retrospectively.

#### **5. Proceedings of meetings**

- 5.1 The members of the Audit Committee may participate in any meeting of the Audit Committee by means of a telephone conference or other forms of communications through which all persons participating in the Committee meeting can communicate with each other and, for the purpose of counting a quorum, such participation shall constitute presence at a Committee meeting as if those participants were present in person.
- 5.2 Every matter shall be determined by a majority of votes of the members of the Audit Committee present at the meeting. Each member shall have one vote on the question arising at any Committee meeting, provided that no member shall vote on any matter which would constitute a conflict of interest.
- 5.3 A resolution in writing signed by not less than two-third of the members of the Audit Committee shall be as valid and effectual as if a resolution had been passed at a meeting of the Audit Committee duly convened and held.
- 5.4 All meetings and proceedings of the Audit Committee shall be governed by the provisions of the Bye-Laws of the Company regulating proceedings of meetings of the Board unless otherwise provided herein.

#### **6. Minutes of meetings**

- 6.1 The Secretary shall keep full records of all resolutions passed at all meetings of or by the Audit Committee.
- 6.2 The Secretary shall circulate draft minutes to all members of the Audit Committee for their comments, and signed minutes/resolutions in writing (as the case may be) to all members of the Audit Committee within a reasonable time after the Committee meeting is held.

## **7. Authority**

- 7.1 The Audit 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 and all employees are directed to co-operate with any request made by the Audit Committee.
- 7.2 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 if it considers this necessary.

## **8. Duties**

The duties of the Audit Committee shall be:

### ***Relationship with the auditors***

- 8.1 to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of that auditors;
- 8.2 to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with the applicable standards, and to discuss with the external auditors, before the audit commences, the nature and scope of the audit and reporting obligations, and ensure co-ordination where more than one audit firm is involved;
- 8.3 to develop and implement policy on the engagement of an external auditors (including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally) to supply non-audit services, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

### ***Review of financial information of the Company***

- 8.4 to monitor integrity of financial statements, annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained therein, and to review the annual report and accounts, half-year report and, if prepared for publication, quarterly reports before submission to the Board, focusing 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other legal requirements in relation to financial reporting.
- 8.5 in regard to Clause 8.4 above, to liaise with the Board and senior management and to consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and to 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;

### ***Oversight of the Company's financial reporting system and internal control procedures***

- 8.6 to review financial controls, internal controls and risk management systems;
- 8.7 to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
- 8.8 to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;
- 8.9 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 appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;
- 8.10 to review the Group's financial and accounting policies and practices;

- 8.11 to review the external auditors' management letter, any material queries raised by the auditors to management in respect of the accounting records, financial accounts or systems of controls and management's response;
- 8.12 to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- 8.13 to report to the Board on the matters set out in this Clause 8; and
- 8.14 to consider other topics, as defined by the Board.

**9. Availability of this Terms of Reference**

- 9.1 The Audit Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board on request and by including the information on the Company's website.