

閩港控股有限公司

FUJIAN HOLDINGS LIMITED

FUJIAN HOLDINGS LIMITED (THE “COMPANY”) AND ITS SUBSIDIARIES
(COLLECTIVELY AS THE “GROUP”)
TERMS OF REFERENCE FOR AUDIT COMMITTEE

1. Constitution

The directors of the Company (the “Board”) hereby resolve to establish a committee of the Board to be known as the audit committee (the “Committee”).

2. Membership

2.1 The Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of a minimum of three members. A quorum shall be two members.

2.2 The Chairman of the Committee shall be appointed by the Board.

3. Attendance at meetings

3.1 An executive director of the Company and a representative of the external auditors of the Company shall normally attend meetings of the committee. Other Board members shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditors without executive Board members’ present.

3.2 The company secretary of the Company shall be the secretary of the Committee (the “Secretary”).

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4. Frequency of meetings

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

5. Authority

5.1 The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires for any employee and all employees are directed to co-operate with any request made by the Committee.

5.2 The Committee is authorized 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.

6. Duties

The duties of the Committee shall be:

6.1 to consider the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal;

6.2 to discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

6.3 to review the half-year and annual financial statements of the Group before submission to the Board, focusing particularly on:

6.3.1 any changes in accounting policies and practices;

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- 6.3.2 major judgemental areas;
 - 6.3.3 significant adjustments resulting from the audit;
 - 6.3.4 the going concern assumption;
 - 6.3.5 compliance with accounting standards; and
 - 6.3.6 compliance with stock exchange and legal requirements.
- 6.4 To discuss problems and reservations arising from the interim and final audits of the Group, and any matters the external auditors may wish to discuss (in absence of management where necessary);
- 6.5 To review the external auditors' management letter and management's response;
- 6.6 To review the Company's statement on internal control systems, if any, being included in the annual report prior to endorsement by the board;
- 6.7 (after an internal audit function of the Group has been established) to review the internal audit programme, 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 Group;
- 6.8 to consider the major findings of internal investigations and management's response; and
- 6.9 to consider other topics, as defined by the Board.

7. Duties

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.