

AUDIT COMMITTEE TERMS OF REFERENCE

1. Constitution

- 1.1. The Board hereby resolves 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 not less than three members. A quorum shall be two members
- 2.2. The Chairman of the Committee shall be appointed by the Board.

3. Attendance at Meeting

- 3.1. The Finance Director, the qualified accountant, and a representative of the external auditors shall normally attend meetings. Other Board members shall also have the right of attendance.
- 3.2. The Company Secretary shall be the Secretary of the Committee and in the absence of the Company Secretary, a member of the Committee shall act as the secretary.

4. Frequency of Meetings

- 4.1. Meeting 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 from 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

6.1. The duties of the Committee shall be:

- 6.1.1. to consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;
- 6.1.2. to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; and to discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;
- 6.1.3. to develop and implement policy on the engagement of the external auditors to supply non-audit services;
- 6.1.4. to review the annual report and accounts and the half-year report 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 audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting.
- 6.1.5. to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss;
- 6.1.6. to review the external auditors' management letter and management's response; and to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- 6.1.7. to review the Company's financial controls, internal control and risk management systems;
- 6.1.8. 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;
- 6.1.9. 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;
- 6.1.10. to review the Group's financial and accounting policies and practices;
- 6.1.11. to consider other topics, as defined by the Board.

7. Reporting Procedures

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