



**珠光控股**  
ZHUGUANG HOLDINGS

**ZHUGUANG HOLDINGS GROUP COMPANY LIMITED**  
**(“the Company”)**

**TERMS OF REFERENCE OF AUDIT COMMITTEE**  
**(ALSO KNOWN AS “AUDIT COMMITTEE CHARTER”)**  
(as amended on 26 April 2005)

**CONSTITUTION**

1. The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee (the “Committee”).

**MEMBERSHIP**

2. The Audit 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, at least one of them should be an independent non-executive director and have appropriate professional qualifications or accounting or related financial management expertise pursuant to the Rule 3.10(2) of the Listing Rules. The majority of whom should be independent.
3. The Chairman of the Audit Committee shall be appointed by the Board and should be an independent non-executive director.
4. A quorum shall be two members.

**ATTENDANCE AT MEETINGS**

5. The Chief Finance Officer, the Head of Internal Audit, and a representative of the external auditors shall normally attend meetings. However, at least once a year the Audit Committee shall meet with the external and internal auditors without executive Board members present.
6. The company secretary shall be the secretary of the Audit Committee.

**FREQUENCY OF MEETINGS**

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

**AUTHORITY**

8. The Audit 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 Audit Committee.
9. The Audit 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.

## **DUTIES**

10. The duties of the Committee shall be:

- (a) to consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;
- (b) to discuss 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;
- (c) to review the interim and annual financial statements before submission to the Board, focusing particularly on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgemental areas;
  - (iii) significant adjustments resulting from the audit;
  - (iv) the going concern assumption;
  - (v) compliance with accounting standards; and
  - (vi) compliance with stock exchange and legal requirements.
- (d) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);
- (e) to review the external auditors management letter and management's response;
- (f) to review the Company's statement on internal control systems (where one is included in the annual report) prior to endorsement by the Board;
- (g) (where an internal audit function exists) 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 Company;
- (h) to consider the major findings of internal investigations and management's response; and
- (i) to consider other topics, as defined by the Board.

## **REPORTING PROCEDURES**

11. The secretary shall circulate the minutes of meetings and reports of the Audit Committee to all members of the Board.