

CHEONG MING INVESTMENTS LIMITED
(the “Company”)
TERMS OF REFERENCE
OF
AUDIT COMMITTEE (the “Committee”)

Membership

1. The Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company and a majority of the Non-Executive Directors shall be Independent. The Committee shall consist of a minimum of two members (the “Members”).
2. The Chairman of the Committee shall be appointed by the Board.

Responsibility

3. The Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of the financial reporting process, internal controls system and audit function of the Company.

Authority

4. 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. 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.

Attendance of meetings

6. The Chief Financial Officer and a representative of the external auditors shall normally attend meetings. The Committee shall meet with the external auditors without executive Board members present. At the invitation of the Committee, other Board member may also attend the meeting.
7. The company secretary shall be the secretary of the Committee.

Frequency of meetings

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

Proceedings of meetings

9. The Members may meet for the dispatch of business, adjourn and otherwise regulate its meetings as they consider appropriate, provide that:
- (a) a quorum shall be two Members;
 - (b) a quorum shall be present throughout a meeting;
 - (c) at least 7 days' written notice must be given to each of the Members for convening each meeting specifying the date, time and place of the meeting and the business to be transacted thereat provided that if all the Members agree to a shorter period of notice, then such meeting shall be deemed to be properly called.
10. Subject to the above, the provisions contained in the Bye-Laws of the Company for regulating the proceedings of the Board shall apply, mutatis mutandis, to the Committee.

Duties

11. 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 half-year and annual financial statements before submission to the Board, focusing particularly on:
 - (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 auditor's management letter and management's response;
 - (f) to review the major findings of any suspected frauds or irregularities or failure of internal controls and management's response;
 - (g) to discuss with management the scope and quality of systems of internal control;

- (h) to recommend to the Board any appropriate extensions or changes in the duties of the Committee;
- (i) to consider other topics, as defined, designated or delegated by the Board from time to time.

Reporting procedures

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

Amendments

13. The Board may from time to time amend, repeal and/or re-enact all and any part of these terms of reference.