

**SAMLING GLOBAL LIMITED**  
**(Company)**

**AUDIT COMMITTEE**  
**TERMS OF REFERENCE**

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**1. CONSTITUTION**

The board of directors of the Company (Board) resolved on August 20, 2006 to establish a committee known as the Audit Committee.

**2. OBJECTIVE**

The Audit Committee has been appointed with a view to establishing formal and transparent arrangements for considering how the Board will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's auditors.

**3. MEMBERSHIP**

3.1 The Audit Committee must comprise non-executive directors only. It must comprise a minimum of three (3) non-executive directors, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (**Listing Rules**).

3.2 The majority of the Audit Committee members must be independent non-executive directors.

3.3 The Chairman shall be an independent non-executive director appointed by the Board and in his absence, members present may elect another independent non-executive director to chair the meeting.

3.4 Any former partner of the Company's existing auditing firm shall be prohibited from acting as a member of Audit Committee for a period of one year commencing on the date of his ceasing to be a partner of the firm or to have any financial interest in the firm, whichever is the later.

3.5 The Company Secretary shall act as Secretary to the Audit Committee.

**4. PROCEEDINGS**

4.1 The Audit Committee will meet at least four times during each financial year and shall hold such additional meetings as the Chairman deems necessary in order to fulfil its duties.

4.2 The quorum for a meeting shall be two (2) members including at least one (1) independent non-executive director.

4.3 The Chief Finance Officer, Head of Internal Audit and a representative of the Company's auditors shall normally attend the meetings. The Audit Committee may invite other directors and senior management to attend its meetings as it considers necessary.

4.4 The Audit Committee shall meet with the Company's auditor, at least once a year, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditor may wish to raise.

4.5 Full minutes of the Audit Committee shall be kept by the Secretary. Draft and final versions of the minutes of meetings shall be sent to all members of the Audit Committee for their comment and records, respectively, in both cases within a reasonable time after the meeting.

- 4.6 Resolutions of the Audit Committee shall be passed by a majority of votes of members present. In the event that only two (2) members are present, any resolution shall be passed by them unanimously.
- 4.7 Save as specified above, other provisions of the Company's Articles of Association for regulating proceedings of the Board shall apply to the Audit Committee, insofar as they are applicable.

## 5. **AUTHORITY**

- 5.1 The Audit Committee shall report directly to the Board unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 5.2 The Audit Committee is authorised to obtain external professional advice if it considers necessary.
- 5.3 The Audit Committee shall be provided with sufficient resources to discharge its duties.
- 5.4 The Audit Committee is authorised to seek any information which it reasonably requires from the Company's employees.
- 5.5 The Audit Committee shall have direct access to the internal and external auditors of the Company and may convene meetings with the Company's auditors as it considers necessary.

## 6. **DUTIES**

The duties of the Audit Committee include:

### 6.1 *Relationship with the Company's external auditor*

- (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor;
- (b) to approve the remuneration and terms of engagement of the external auditor, any questions of resignation or dismissal of that auditor;
- (c) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- (d) to review the external auditor's proposed scope of the audit and reporting obligations before the audit commences;
- (e) to develop and implement policy on the engagement of an external auditor to supply nonaudit services, if any, to ensure that provisions of such services would not impair the independence and objectivity of the external auditor;
- (f) to seek from the external auditor, on an annual basis, information about its policies and processes for maintaining independence and monitoring compliance with relevant requirements, including current requirements regarding rotation of audit partners and staff;
- (g) to agree with the Board the Company's policies relating to the hiring of employees or former employees of the external auditor and to monitor the application of such policies; and
- (h) to act as the key representative body for overseeing the Group's relation with the external auditor.

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

- (a) to monitor the integrity of the Company's financial statements, annual report and accounts and interim report by ensuring that appropriate accounting principles, practices and reporting standards are followed, and to review significant financial reporting judgments contained therein, with particular focus 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.
- (b) For the purposes of (a) above:
  - (i) members of the Audit Committee must liaise with the Board, senior management and the Audit Committee must meet with the external auditor at least once a year; and
  - (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must 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 external auditor.

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

- (a) to review the Company's financial controls, internal control and risk management systems;
- (b) to discuss with the management the system of internal control and ensure that the 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;
- (c) to consider any finding of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;
- (d) 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;
- (e) to review the group's financial and accounting policies and practices;
- (f) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
- (g) to ensure that the Board provides a timely response to the issues raised in the external auditor's management letter;
- (h) to report to the Board on the matters set out in the provisions of the Code on Corporate Governance (Appendix 14 to the Listing Rules); and
- (i) to consider other topics, as defined by the Board.

#### 6.4 *Others*

- (a) to direct and supervise any special projects or investigations which it considers necessary and to review the reports on major incidents of fraud or other misconduct;
- (b) to review any appraisal or assessment of senior staff members of the internal audit department, to approve any appointment or termination of senior staff members of that department, to inform itself of resignations of internal audit staff members and to provide the resigning staff member an opportunity to submit his/her reasons for resigning; and
- (c) to consider any connected transactions (as defined in the Listing Rules) that may arise.

#### 7. **PUBLICATION OF THESE TERMS OF REFERENCE**

A copy of these Terms of Reference will be made available to any person without charge upon request and both notice as to such availability and these Terms of Reference shall be posted on the Company's website.