



VINDA INTERNATIONAL HOLDINGS LIMITED

維達國際控股有限公司

(the “**Company**” which together with its subsidiaries, the “**Group**”)
(incorporated in the Cayman Islands with limited liability)

AUDIT COMMITTEE

TERMS OF REFERENCE

A. Constitution

The Audit Committee is established pursuant to a resolution passed by the Board at a meeting held on 19 June 2007.

The Audit Committee is to assist the Board in (i) overseeing the Company’s financial reporting system and internal control procedures (ii) reviewing the financial information of the Company and overseeing the integrity of the financial statements of the Company.

The Committee shall also be directly responsible on behalf of the Board for (i) the selection, oversight and remuneration of the Company’s external auditors, (ii) the assessment of the independence and qualifications of the external auditors, and (iii) the development and implementation of policy on the engagement of the external auditors.

B. Audit Committee

1. Membership

- 1.1 Members of 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, a majority of whom shall be independent non-executive directors of the Company and at least one of whom has to be an independent non-executive director of the Company 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 the Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).
- 1.2 The chairman of the Audit Committee shall be appointed by the Board and must be an independent non-executive director of the Company.
- 1.3 The company secretary of the Company or his/her delegate shall be the secretary of the Audit Committee.
- 1.4 The appointment of the members and the secretary of the Audit Committee may be revoked, or additional members may be appointed to the Audit Committee by separate resolutions passed by the Board and the Audit Committee.

2. Proceedings of the Audit Committee

2.1 Notice

- 2.1.1 Unless otherwise agreed by all the Audit Committee members, a meeting of the Audit Committee shall be called by at least seven days' notice.
- 2.1.2 A member of the Audit Committee may, and on the request of a member of the Audit Committee, the secretary to the Audit Committee shall, at any time summon a meeting of the Audit Committee. Notice shall be given to each member of the Audit Committee orally in person or in writing or by telephone or by facsimile or electronic transmission at the telephone number or facsimile number or address or e-mail address from time to time notified to the secretary by such member of the Audit Committee or by such other means as the members may from time to time determine. Any notice given orally shall be confirmed in writing.
- 2.1.3 Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Audit Committee for the purposes of the meeting.

2.2 Quorum

The quorum of the Audit Committee meeting shall be two members of the Audit Committee.

2.3 Attendance of meetings by non-members

The Financial Controller, the Head of Internal Audit (or any officer(s) assuming the relevant functions but having a different designation) and a representative of the external auditors shall normally attend meetings of the Audit Committee. The executive directors of the Company shall also have the right of attendance. However, at least once a year the Audit Committee shall meet with the external auditors in the absence of the executive directors of the Company.

2.4 Frequency of meetings

Meetings shall be held at least once every three months to consider the budget, revised budget and quarterly report prepared by the Board. The external auditors may request the Chairman of the Audit Committee to convene a meeting, if they consider that one is necessary.

3. Written resolutions

Written resolutions may be passed by all members of the Audit Committee in writing.

4. Alternate members

A member of the Audit Committee may not appoint any alternate.

5. Authority

The Audit Committee may exercise the following powers:

- (a) to seek any information it requires from any employee of the Group and any professional advisers (including auditors), to require any of them to prepare and submit reports and to attend meetings of the Audit Committee and to supply information and answer questions raised by the Audit Committee;
- (b) to monitor whether the Group's management has, in the performance of its duties, infringed any policies set by the Board or any applicable law, regulation and code (including the Listing Rules and other rules and regulations from time to time laid down by the Board or a committee thereof);
- (c) to investigate all suspected fraudulent acts involving the Group and request management to make investigation and submit reports;

- (d) to review the Group's internal control procedures and system;
- (e) to review the performance of the Group's employees in the accounting and internal audit department;
- (f) to make recommendations to the Board for the improvement of the Group's internal control procedures and system;
- (g) to request the Board to convene a shareholders' meeting for the purposes of revoking the appointment of any director and to dismiss any employee if there is evidence showing that the relevant director and/or employee has failed to discharge his/her duties properly;
- (h) to request the Board to take all necessary actions, including convening a special general meeting, to replace and dismiss the auditors of the Group; and
- (i) to obtain outside legal or other independent professional advice and to secure the attendance of independent third parties with relevant experience and expertise, if it considers this necessary.

6. Duties

The duties of the Audit Committee shall be:

A. Relationship with the Company's auditors

1. to be primary responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor and any questions of resignation or dismissal of the external auditor;
2. to review and monitor the independence and objectivity of the external auditor. The Audit Committee shall:
 - (a) consider the relationship between the Company and/or the directors of the Company and the external auditors; and
 - (b) meet with the external auditor, at least once a year, in the absence of management of the Company, to discuss matters relating to the audit fees, any issues arising from the audit and any other matters the external auditors or the Audit Committee may wish to raise.
3. to review and monitor the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the external auditors the nature and the scope of the audit and reporting obligations before the commencement of the audit.
4. to develop and implement policy on the engagement of the external auditors to supply non-audit services. For this purpose, external auditors shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The Audit Committee shall report to the board, identifying any matters in respect of which it considers that and making recommendations and making recommendations as to the steps to be taken.
5. to review the external auditors' management letter and management's response.

B. Review of financial information of the Company

1. to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing the Company's annual report and accounts, half-year report and if prepared for publication, quarterly reports before submission to the Board, the Audit Committee should focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption;
 - (v) compliance with accounting standards;
 - (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;
 - (vii) the fairness and reasonableness of any connected transaction and the impact of such transaction on the profitability of the Group;
 - (viii) whether all relevant items have been adequately disclosed in the Group's financial statements and whether the disclosure gives a true and fair view of the Group's financial conditions; and
 - (ix) the cashflow position of the Group;
2. with regard to the preparation of the reports and accounts referred to above, to liaise with the Board, senior management and the person appointed as the qualified accountant of the Company, and to meet, at least twice a year, with the external auditors.
3. to 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 qualified accountant, compliance officer or auditors.

C. Oversight of the Company's financial reporting system and internal control procedures

1. to review the Company's financial controls, internal control and risk management systems;
2. 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;
3. 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;
4. where an internal audit function exists, 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;
5. to review the Group's financial and accounting policies and practices;

6. to review the external auditors' management letter, any material queries raised by the auditors to the management in respect of the accounting records, financial accounts or systems of control and management response; and
7. to ensure the Board will provide a timely response to the issues raised in the external auditors' management letter.

D Other Duties

1. to report to the Board on the matters set out in the Code on Corporate Governance Practice.
2. to consider other topics, as defined by the Board from time to time.
3. to conduct exit interviews with any director, manager, financial controller or internal control manager upon his resignation in order to ascertain the reasons for his departure.
4. to consider the Board's recommendation of the appointment of any person to be an Audit Committee member, a company secretary, auditors and accounting staff either to fill a casual vacancy or as an additional Audit Committee member, company secretary, auditors and accounting staff or the Board's recommendation for the dismissal of any of them.
5. to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.
6. to act as the key representative body for overseeing the Company's relations with the external auditor.

7. Veto rights of the Audit Committee

The Audit Committee has the following veto rights. The Group cannot implement any of the following matters which have been vetoed by the Audit Committee:

- (a) to approve any connected transaction within the meaning of the Listing Rules which requires an independent shareholders' vote (unless the approval of such connected transaction is made conditional on the obtaining of the approval of the independent non-executive directors and the independent shareholders); and
- (b) to employ or dismiss the Group's financial controller or the internal audit manager.

8. Reporting procedures

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

9. Continuing application of the articles of association of the Company

The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and not inconsistent with the provisions of these Regulations shall apply to regulate the meetings and proceedings of the Audit Committee.

10. Powers of the Board

The Board may, subject to compliance with the articles of association of the Company and the Listing Rules, amend, supplement and revoke these Regulations and/or any resolution passed by the Audit Committee provided that no amendments to or revocation of these Regulations and/or any resolution passed by the Audit Committee shall invalidate any prior act and resolution of the Audit Committee which would have been valid if these Regulations or resolution had not been amended or revoked.

Note: *If there is any inconsistency between the English and Chinese versions of this document, the English version shall prevail.*

30 March 2012