



GOLIK HOLDINGS LIMITED

高力集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1118)

**TERMS OF REFERENCE FOR
THE AUDIT COMMITTEE**

The terms of reference for the Audit Committee (the “Committee”) adopted by the board of directors (the “Board”) of Golik Holdings Limited (the “Company”) are set out below.

1. Members

- 1.1 The members of the Committee (the “Member(s)”) shall be appointed by the Board from amongst the non-executive directors of the Company and a majority of Members shall be independent non-executive directors. The Committee shall comprise a minimum of three Members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.
- 1.2 A quorum of a meeting of the Committee (the “Meeting(s)”) shall be two. The Members present shall elect a chairman to preside the Meeting and the chairman must be an independent non-executive director.

2. Attendance at Meetings

- 2.1 The finance director and a representative of the external auditor shall normally attend the Meetings, other Board members and any staff with specific responsibility for any area under review by the Committee shall also be invited for attendance if require. The Committee shall meet with the external auditor without executive directors present at least once a year.
- 2.2 The company secretary or assistant company secretary shall be the secretary of the Committee. Where the company secretary is also an executive director of the Company, he can only attend Meetings in the capacity as a company secretary, and not as an executive director.

3. Frequency of Meetings

Meetings shall be held not less than twice a year. The Committee shall normally meet prior to the finalization of both interim and annual accounts to discuss the related issues arising therein. The external auditors may request a meeting with Members if they consider necessary.

* *For identification purposes only*

4. Authority

- 4.1 The Committee is authorized by the Board to investigate any activity within its terms of reference as set out herein and any other issues specifically delegated by the Board or may arise as a natural extension of the review of the Company's affairs in pursuing the Committee's duties. 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.
- 4.2 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.

5. Duties

The duties of the Committee shall be:

Relationship with the Company's auditors

- (a) to be primarily 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 its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on engaging an external auditor (including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally) to supply non-audit services, and to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) to act as the key representative body for overseeing the Company's relations with the external auditor;

Review of the Company's financial information

- (e) to monitor integrity of the Company's financial statements and annual report and accounts, interim report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Committee should focus 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 legal requirements in relation to financial reporting;

- (f) regarding (e) above:
 - (i) to liaise with the Board and senior management and to meet, at least twice a year, with the Company's external auditor; and
 - (ii) to consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, and 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 auditors;

Oversight of the Company's financial reporting system, risk management and internal control systems

- (g) to review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;
- (h) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (i) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (j) 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 its effectiveness;
- (k) to review the group's financial and accounting policies and practices;
- (l) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (n) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (o) to report to the Board on the matters in this terms of reference; and
- (p) to consider other topics, as defined by the Board.

6. Reporting Procedures

Draft and final versions of minutes of the Meetings shall be circulated by the secretary of the Committee to all Members for comment and record within a reasonable time after the Meetings.

(If there is any inconsistency between English and Chinese versions of this terms of reference, English version shall prevail.)