

**SUNWAH KINGSWAY CAPITAL HOLDINGS LIMITED**  
(the “Company”)

**Terms of Reference of the  
Audit Committee**

***Constitution***

1. The board of directors of the Company (the "Board") has established the Audit Committee (the “Committee”).

***Membership***

2. The members of the Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company only. The Committee shall consist of not less than three members, at least one of whom is an Independent Non-Executive Director with appropriate professional qualifications or accounting or related financial management expertise as required pursuant to SEHK Rule 3.10(2). A majority of the members of the Committee must be independent non-executive directors of the Company.
3. The Chairman of the Committee, who must be an independent non-executive director, shall be appointed by the Board.
4. A former partner of the Company's existing external auditing firm is prohibited from acting as a member of the Committee for a period of two years commencing on the date of his ceasing (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is the later.

***Attendance at Meetings***

5. The Chief Financial Officer, the Company Secretary, and a representative of the external auditors shall normally attend meetings.
6. The Company Secretary or his/her nominee shall be the secretary of the Committee.

***Frequency and Proceedings of Meetings***

7. The Committee should meet at least twice per year and when the need arises. The external auditors or any members of the Committee may request a meeting with or without the presence of executive board members if they consider that one is necessary. The notice of the meeting can be written or oral and will set out the venue, time and date of the meeting.

8. The quorum for a meeting of the Committee shall be two members.
9. Minutes of Committee meetings will be kept by the duly appointed secretary of the meeting. Draft and final versions of the minutes of the Committee meetings will be sent to all members of the Committee for their comment and records, respectively, in both cases, within a reasonable time after the meeting.

### ***Authority***

10. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
11. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, at the Company's expense, if it considers this necessary.
12. Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Committee will have the authority to arrange for the Corporate Governance Report in the Annual Report to include an explanation of the Committee's view and the reasons why the Board has taken a different view.
13. The Committee is to be provided with sufficient resources to discharge its duties

### ***Duties and Functions***

14. The duties and functions of the Committee shall be:

#### *Relationship with the Company's Auditors*

- (a) to be primarily responsible for making recommendation 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 of that auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

- (d) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, “external auditor” includes 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. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

*Review of Financial Information of the Company*

- (e) to monitor integrity of the Company’s financial statements and 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 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 assumption and any qualifications;
- (v) compliance with accounting standards; and
- (vi) compliance with the Listing Rules of SEHK and legal requirements in relation to financial reporting.

- (f) In regard to (e) above;

- (i) members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditors; and
- (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and should 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 the 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 coordination 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 Company'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 report to the Board on the matters in the relevant code provision prescribed in the Listing Rules of SEHK;
- (o) to ensure that these Terms of Reference (as may be amended from time to time) are made available on request and that these Terms of Reference are posted on the Exchange website and the Company's website;
- (p) to consider other topics, as defined by the Board;

- (q) 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. The Committee should ensure that proper arrangements are in place for the fair and independent investigation of these matters and for appropriate follow-up action; and
- (r) to act as the key representative body for overseeing the Company's relation with the external auditors.

***Reporting procedures***

15. The Committee should report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the Chairman or his/her nominee shall report to the Board on its findings and recommendations.