

# RoadShow Holdings Limited

## **Audit Committee**

### Terms of Reference

*(Revised and Adopted at the Board Meeting on 17 March 2009)*

#### **1. Objectives**

The Audit Committee is to assist the Board in fulfilling its responsibilities relating to accounting, auditing and reporting practices, to improve the credibility and objectivity of the Company's financial and other reports, and to strengthen the systems of internal control, risk management and compliance with applicable laws and regulations.

#### **2. Duties and Responsibilities**

The duties of the Audit Committee shall include the followings:-

##### ***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 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 standard. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on the engagement of an external auditor to supply non-audit services. For this purpose, external auditor 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 should report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

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

- (d) 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 judgements contained in them. In this regard, 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 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 Exchange Listing Rules and other legal requirements in relation to financial reporting;
- (e) In regard to (d) above:-
- (i) members of the Committee must liaise with the Company's board of directors and senior management and the Committee must meet, at least once 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 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 auditors;

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

- (f) to review the Company's financial controls, internal control and risk management systems;
- (g) 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 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;
- (h) 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;
- (i) 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;
- (j) to review the group's financial and accounting policies and practices;

- (k) 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;
- (l) to ensure that the board will provide a timely response to the issues raised in the external auditor's management letter;
- (m) to report to the board on the matters set out in the provisions in Code on Corporate Governance Practices (Appendix 14 of the Listing Rules); and
- (n) to consider other topics, as defined by the board.

***Others***

- (o) to review arrangements by which employees of the Company may, in confidence, 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 the fair and independent investigation of such matters and for appropriate follow-up action; and
- (p) to act as the key representative body for overseeing the Company's relation with the external auditor.

### **3. Membership**

- 3.1 The Committee shall consist of Non-executive Directors only and include not less than three Independent Non-executive Directors. Of these Independent Non-executive Directors, at least one of them possesses appropriate professional qualifications or accounting or related financial management expertise. The majority of the Audit Committee members must be Independent Non-executive Directors. The GMD shall attend each Audit Committee meeting as requested by the members.
- 3.2 A former partner of the existing audit firm shall not act as a member of the Audit Committee for a period of one year commencing on the date when he ceased: (i) to be a partner of the audit firm; or (ii) to have financial interest in the audit firm, whichever is the later.
- 3.3 The Board shall appoint all the members of the Committee and nominate one of the members to be the Chairman of the Committee. The Chairman must be an Independent Non-executive Director.
- 3.4 The membership of the Committee shall be reviewed by the Board each year.

### **4. Frequency and Proceedings of Committee Meetings**

- 4.1 The Committee shall hold at least three regular meetings per year and such other

meetings as shall be requested by the Chairman of the Committee, or another member, or auditors. A regular schedule of meetings shall be developed so as to discharge the Committees' responsibilities.

- 4.2 Meetings shall be conducted formally, with agendas and supporting papers sent out in advance, and minutes taken. Papers shall be maintained at the same standard as those of the full Board. The Committee shall decide the minimum notice to be given of meetings, and the arrangements for making Committee papers available to members in advance of meetings.
- 4.3 Both external and internal auditors shall have the right to attend meetings of the Committee.
- 4.4 Committee members may meet independently of management and/or the auditors as they shall decide.
- 4.5 The quorum of a meeting shall be two members of the Committee. One of whom must be an Independent Non-executive Director. A meeting shall not proceed in the absence of a quorum.

## **5. Authority and Access**

- 5.1 The Committee shall have authority to require the attendance of the external or internal auditors, or such members of management as it needs to fulfill its responsibilities. It shall also have authority to require any Company's documents to discharge its duties.
- 5.2 The Committee shall have authority to obtain external professional advice, including taking a second opinion on accounting matters, at the Company's expense. The purpose and cost of such requests shall be reported to the Board.
- 5.3 The Committee shall have separate and independent access to the Company's senior management and the management should supply to the Committee with adequate information in a timely manners.
- 5.4 The Committee should be provided with sufficient resources to discharge its duties.
- 5.5 The Company Secretary will act as the Secretary to the Committee and should keep full minutes of the Audit Committee meetings. Draft and final versions of the Audit Committee minutes should be sent to all Audit Committee members for their comments and record purpose.

## **6. Reporting**

- 6.1 The Committee's proceedings shall be recorded in minutes which shall be included in the papers prepared for the next Board meeting after each meeting of

the Committee.

6.2 The Chairman of the Audit Committee shall report to the Board as soon as possible after each Committee meeting.

\* *Copy of the Terms of Reference of Audit Committee is available upon request is made to the Company Secretary of the Company.*