

THE MING AN (HOLDINGS) COMPANY LIMITED (the “Company”)

AUDIT COMMITTEE (the “Committee”)

TERMS OF REFERENCE

(Adopted pursuant to a board resolution passed on 5 December 2006)

Formation

1. The Committee was formed pursuant to a board resolution of the Company passed on 5 December 2006.

Composition

2. The members of the Committee shall be appointed by the board of directors of the Company (the “**Board**”) from amongst the non-executive directors of the Company only, of which a majority of the non-executive directors so appointed shall be independent. One of the independent non-executive directors so appointed shall have appropriate professional qualifications or accounting or related financial management expertise as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Committee shall consist of not less than three members.
3. The chairman of the Committee shall be appointed by the Board.
4. The Company Secretary of the Company or his/her nominee shall act as the secretary of the Committee.
5. In the event that the Board comprises a non-executive director who is a former partner of the Company’s existing auditing firm, such non-executive director shall be prohibited from acting as a member of the Committee for a period of a year commencing on the later of (a) the date of his ceasing to be a partner of the firm; or (b) the date of his ceasing to have any financial interest in the firm.

Quorum, frequency and meeting proceedings

6. The quorum for a meeting of the Committee shall be two members.
7. Meetings of the Committee shall be held not less than twice a year. The external auditors or any members of the Committee may request a meeting with or without the presence of executive directors if they consider that one is necessary.
8. The meeting proceedings of the Committee are governed by the provisions contained in the Articles of Association of the Company (“**Articles**”) regulating the proceedings of the Board as far as the same are applicable thereto and are not replaced by any regulations imposed by the Board pursuant to the Articles.
9. Full minutes of the Committee meetings should be kept by the secretary of the Committee. Draft and final versions of the minutes of Committee meetings should be sent to all members of the Committee for their comment and records respectively, in both cases within a reasonable time after the meeting. Such minutes shall be open for inspection by any director of the Company.

Attendance at meetings of Committee

10. The Company's qualified accountant and a representative of the external auditors may be invited attend meetings of the Committee. Other Board members shall also have the right of attendance though only members of the Committee are entitled to vote at the meetings. However, at least once a year the Committee shall meet with the external auditors without executive Board members present.

Authority

11. The Committee shall report directly to the Board.
12. The Committee is authorised by the Board to investigate any activity within its terms of reference and to seek any information it requires from any employee of the Company and its subsidiaries.
13. The Committee is authorised to inspect all accounts, books and records of the Company and its subsidiaries and the Committee shall have the right to require the Company's management to furnish information on any matter relating to the financial position of the Company and its subsidiaries, as may be required for the purposes of discharging its duties.
14. The Committee is authorised by the Board, subject to prior discussion concerning the cost, to obtain external legal or other independent professional advice at the Company's expense and to secure the attendance of external professional advisers as and when necessary.

Duties, powers and functions

15. The Committee shall have the following duties, powers and functions:
 - (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 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 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;
 - (d) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments contained in them. In this regard, in reviewing the Company's annual report and accounts, half-year report and 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 qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other legal requirements in relation to financial reporting;
- (e) In regard to (d) above:-
- (i) members of the Committee must liaise with the Board, senior management and the person appointed as the Company's qualified accountant 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 qualified accountant, compliance officer or auditors;
- (f) to review the Company's financial controls, internal controls 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;
- (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 controls 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 terms of reference of the Committee; and
- (n) to consider other topics, as defined by the Board.