



金鷹
GOLDEN EAGLE
GOLDEN EAGLE RETAIL GROUP LIMITED
金鷹商貿集團有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code : 3308)

SUMMARY OF TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Audit Committee

The board of directors (the "**Board**") of **GOLDEN EAGLE RETAIL GROUP LIMITED** (the "**Company**") established a committee of the Board known as the Audit Committee (the "**Audit Committee**"), a summary of its constitution and particular duties are set out below:-

(1) Membership

The members of the Audit Committee shall be appointed by the Board from amongst the non-executive directors of the Company and the Audit Committee shall consist of not less than three members, at least one of whom shall be an independent non-executive director 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 Securities (the "**Listing Rules**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). A quorum of a meeting of the Audit Committee shall be two members.

The majority of the Audit Committee shall be the independent non-executive directors of the Company.

The chairman of the Audit Committee shall be an independent non-executive director of the Company.

(2) Secretary of Audit Committee

The Company Secretary of the Company shall be the secretary of the Audit Committee and shall be responsible to record the minutes of meetings of the Audit Committee.

(3) Attendance at meetings

The chief financial officer and the head of internal audit of the Company and a representative of the external auditor of the Company (the "**Auditor**") shall attend meetings of the Audit Committee. Other members of the Board shall also have the right of attendance. The other members' said right of attendance, however, is subject to the requirement that the Audit Committee shall meet at least twice a year with the Auditor without any executive Board members present at the meeting.

(4) Frequency of meetings

Meetings of the Audit Committee shall be held not less than twice a year. The Auditor may also request a meeting with the Audit Committee if they consider that one is necessary.

(5) Authority

The Audit Committee is authorised by the Board to investigate any activity within the scope as referred to in this terms of reference. It is authorised to seek any information it requires from any employee of the Company and its subsidiaries (together, the "Group") and all employees of the Group are directed to co-operate with any request made by the Audit Committee.

The Audit Committee is authorised by the Board, at the costs and expenses of the Company, to obtain outside legal or other independent professional advice and to secure the attendance of such advisers with relevant experience and expertise at any meetings of the Audit Committee if it considers this necessary.

(6) Duties

The duties of the Audit Committee shall include, but shall not be limited to the following:-

Relationship with the Auditor

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the Auditor, and to approve the remuneration and terms of engagement of the Auditor, and any questions of its resignation or dismissal;
- (b) to review and monitor the Auditor's independence and objectivity and the effectiveness of the audit procedures in accordance with applicable standards. 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 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 Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Review of the Company's financial information

- (d) 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 judgements contained in them. In reviewing these 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 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;
- (e) regarding (d) above:-
 - (i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Auditor; and
 - (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it 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 auditor;

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 the internal control system with management to ensure that management has performed its duty to have an effective internal control system. 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;
- (h) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's responses to these findings;

- (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 its effectiveness;
- (j) to review the Group's financial and accounting policies and practices;
- (k) to review the 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 responses;
- (l) to ensure that the Board will provide a timely response to the issues raised in the Auditor's management letter;
- (m) to report to the Board on the matters in this paragraph 6;
- (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. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions;
- (o) to act as the key representative body for overseeing the Company's relations with the Auditor; and
- (p) to consider other topics, as defined by the Board.

(7) Reporting procedures

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

(8) Language

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

Note : For details of the terms of reference of the audit committee, please refer to "A Guide for Effective Audit Committees" published by the Hong Kong Society of Accountants in February 2002.

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