

FUTURE BRIGHT HOLDINGS LIMITED

佳景集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 703)

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

(Adopted on 13 June 2002 and revised on 12 March 2012)

1 Membership

- 1.1 Members (Members) of the audit committee (Committee) shall be appointed by the board of directors (Board) of Future Bright Holdings Limited (Company) from amongst the non-executive directors of the Company and shall consist of not less than three (3) Members, a majority of whom should be independent non-executive directors of the Company (INED).
- 1.2 The chairman of the Committee shall be appointed by the Board and must be an INED.
- 1.3 At least one of the Members is an INED with appropriate professional qualifications or accounting or related financial management expertise as required under rules 3.10(2) of the Rules (Listing Rules) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Stock Exchange).
- 1.4 Appointments to the Committee shall be for a period of up to three (3) years, which may be extended for such period as may be determined by the Board.
- 1.5 A former partner of the Company's existing auditor, shall not be acted as a Member for a period of one (1) year commencing on the date of his/her ceasing:
 - (a) to be a partner of the audit firm; or
 - (b) to have any financial interest in the firm,whichever is the later.

2 Secretary

The company secretary shall be the secretary of the Committee (Secretary).

* For identification purposes only

3 Quorum

The quorum necessary for the transaction of business shall be two (2) Members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4 Frequency of and attendance at Meetings

4.1 Meetings shall be held not less than twice a year.

4.2 Attendees shall normally include Members, the financial controller, the head of Internal audit (where an internal audit function exists) and a representative of the external auditor. However, other individuals such as chairman of the Board, chief executive officer, other directors and the chief financial officer or representatives from the accounting / finance function may be invited to attend all or part of any meeting as and when appropriate.

4.3 The external auditor will be invited to attend meetings of the Committee on a regular basis.

4.4 At least twice a year the Committee shall meet with the external auditor and internal auditor (if any) without the presence of executive directors of the Board.

4.5 The Secretary or in his absence, his representative or any one member, shall be the secretary of the meetings of the Committee.

4.6 Only Members are entitled to vote at the meeting.

5 Notice of Meetings

5.1 Any Member or the financial controller can convene a meeting of the Committee from time to time. The external auditor may request a meeting to be held with the Members if they consider that one is necessary.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each Member, any other person required to attend and all other non-executive directors, no later than seven (7) days before the date of the meeting. Supporting papers shall be sent to the Members and to other attendances as appropriate, no later than three (3) days before the date of the meeting (or such other period as agreed).

6 Minutes of Meetings

- 6.1 Full minutes of the Committee meetings should record all the proceedings and resolutions in sufficient details and should be kept by the Secretary.
- 6.2 Draft and final versions of minutes of the 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 Committee meetings.
- 6.3 Minutes of meetings and reports of the Committee, once agreed shall be circulated to the Board.

7 Annual General Meeting

The chairman of the Committee shall attend the annual general meeting of the Company and prepare to respond to any shareholders' questions on the Committee's activities.

8 Duties

The Committee should carry out the following duties for the Company and its subsidiaries (öGroupö) as a whole, as appropriate. The duties of the Committee shall be:

Relationship with the Company's external auditor

- 8.1 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;
- 8.2 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 external auditor the nature and scope of the audit and reporting obligations before the audit commences; and

8.3A to develop and implement policy on the engagement of 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 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;

8.3B The Committee may, for the purpose to review and monitor the independence of external auditor:-

- (i) consider all relationships between the Group and the external auditor (including non-audit services);
- (ii) obtain from the external auditor annually, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements including those for rotation of audit partners and staff;
- (iii) meet with the external auditor, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the external auditor may wish to raise;
- (iv) consider, if its deems fit, to discuss with the Board the necessity and policies of the Company on hiring of employees or former employees of the external auditor and monitoring the application of these policies; and
- (v) consider:
 - (a) whether the skills and experience of the external auditor make it a suitable supplier of non-audit services;
 - (b) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit because the external auditor provides non-audit services;
 - (c) the nature of the non-audit services, the related fee levels and fee levels individually and in total relative to the audit firm; and
 - (d) the criteria for compensation of the individuals performing the audit.

Review of financial information of the Company

- 8.4 to monitor integrity of financial statements of the Company and its annual report and accounts and interim report, and to review significant financial reporting judgements contained in them. In this regard, in reviewing the Company's annual report and accounts and interim report before submission to the Board of Directors, the Committee should focus particularly on:-
- (i) any changes in accounting policies and practices;
 - (ii) major judgemental 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, other legal requirements and codes of practices of the Stock Exchange in relation to financial reporting.

In regard to paragraph 8.4 above:-

- (i) Members should liaise with the Board, senior management and the person appointed as the Company's qualified accountant and the Committee must meet, at least twice a year, with the Company's external auditor; 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 it should must give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, corporate officer or auditor.

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

- 8.5 to review the Company's financial controls, internal control and risk management systems;
- 8.6 to discuss the internal control system with the management to ensure that management has performed its duty to have an effective internal control system. The discussion should include the adequacy of all resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

- 8.7 to consider major investigation finding on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- 8.8 to review the Group's financial and accounting policies and practices;
- 8.9 to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and management's response;
- 8.10 to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- 8.11 to report to the Board on the matters set out in the Code Provisions, Appendix 14 of the Listing Rules; and
- 8.12 to consider other topics, as defined by the Board.

9 Reporting Responsibilities

- 9.1 The chairman of the Committee shall report back to the Board on the Committee's decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.
- 9.2 The Committee shall make whatever recommendation to the Board it deems appropriate on any area within its responsibility where action or improvement is needed.
- 9.3 The Committee shall produce a report on the work performed by the Committee during the year in discharging its responsibilities in its review of the half-yearly and annual results and system of internal control system, and its other duties set out in the Code Provisions, Appendix 14 of the Listing Rules.
- 9.4 The Secretary shall circulate the minutes of meetings and reports of the Committee to all members of the Board.

10 Authority

- 10.1 The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information on any matter relating to the financial position of the Company and its subsidiaries, it requires from any employee, and all employees are directed to co-operate with any request made by the Committee for the purposes of performing its duties.
- 10.2 The Committee is authorized by the Board to obtain independent legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary to perform its duties at the expense of the Company.
- 10.3 The Committee shall be provided with sufficient resources to perform its duties.
- 10.4 The Committee should review arrangement by which the 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 fair and independent investigation of these matters and for appropriate follow up action.
- 10.5 The Committee should act as the key representative body for overseeing the Company's relations with the external auditor.

11 Other Matters

- 11.1 The Committee shall make available its terms of reference, explaining its role and the authority delegated to it by the Board by including the information on the stock exchange's website and the Company's website.
- 11.2 Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Company should include in the corporate governance report a statement from the Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

(The English version shall always prevail in case of any inconsistency between English version and its Chinese translation.)