

## **Transport International Holdings Limited (the “Company”)**

### **Terms of Reference of Audit Committee (the “Committee”)**

#### **Constitution**

1. The Committee was established by the board of directors of the Company (the “Board”) on 10 December 1998.

#### **Membership**

2. The members of the Committee (the “Committee members”) shall be appointed by the Board from amongst the non-executive directors of the Company. The Committee shall comprise a minimum of 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 under Rule 3.10(2) of the Listing Rules. The majority of the Committee members shall be independent non-executive directors of the Company.
3. The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director of the Company.

#### **Frequency and proceedings of Committee meetings**

4. The Committee shall hold at least two meetings every financial year.
5. The Committee members and the Company’s external auditors may request a meeting if they consider necessary.
6. The Company Secretary or a nominee shall act as the Secretary of the Committee (the “Secretary”). The Secretary shall convene a meeting of the Committee of which notice may be given in writing or by telephone or in such other manner as the Committee may from time to time determine.
7. The quorum of a meeting should not be less than 50% of the members of the Committee.
8. In the event of equal votes at a meeting, the Chairman of the Committee shall have a casting vote.
9. Management including Managing Director, Deputy Managing Director, Finance & Administration Director, Head of Internal Audit Department, Head of Accounts Department, and representatives of the external auditors shall normally attend the Committee meetings. The Committee may also invite any other Directors, executives,

external auditors or other persons to attend any Committee meeting(s) as it may from time to time consider desirable to assist the Committee in the attainment of its objective.

10. At least twice a year, the Committee shall meet with the external auditors without the presence of executive Board members and management.

### **Authority**

11. The Committee is authorised by the Board to perform the activities stated in the terms of reference and the Committee is authorised to seek any information in relation to the performance of such activities from the management and any employees of the Company and its subsidiaries. The Board shall procure the management and employee(s) of the Company and its subsidiaries to co-operate with the Committee for the discharge of its duties.
12. The Committee is authorised by the Board to obtain independent legal, financial or other professional advice and to secure the attendance of meetings by independent advisors with relevant experiences and expertise should the Committee consider this necessary.

### **Functions and Responsibilities**

13. The Committee is appointed by the Board to:

#### ***Relationship with the Company's external auditors***

- (a) be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of external auditors, and any questions of its resignation or dismissal;
- (b) review and monitor external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to discuss with external auditors the nature, scope of the audit and reporting obligations of the annual audits and interim reviews before such audits or reviews commence;
- (c) develop and implement policy on engaging external auditors to supply non-audit services. For this purpose, "external auditors" 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 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;

- (d) act as the key representative body for overseeing the Company's relation with the external auditors;

***Review of the Company's financial information***

- (e) monitor integrity of the financial statements of the Company and its annual reports and accounts, interim reports 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 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;
- (f) Regarding (e) above:-
  - (i) the Committee members 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 report 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 external auditors;

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

- (g) review the Company's financial controls, internal control and risk management systems;
- (h) 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;
- (i) consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (j) ensure co-ordination between the internal and external auditors, and to ensure where an internal audit function exists that the internal audit function is adequately resourced and has appropriate standing within the Company and its subsidiaries, and review and monitor its effectiveness;
- (k) review the financial and accounting policies and practices of the Company and its subsidiaries;
- (l) review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response;
- (m) ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- (n) report to the Board on the matters set out in sub-paragraphs (a) to (m) above and such other matters set out in this terms of reference as the Committee may deem fit;
- (o) review the Company's statement of internal control systems prior to its endorsement by the Board;
- (p) review arrangements by which employees of the Company and its subsidiaries may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters, and ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action; and

- (q) do any such things to enable the Committee to perform its functions and responsibilities conferred on it by the Board from time to time.