



SAME TIME HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 451)

AUDIT COMMITTEE TERMS OF REFERENCE

Constitution

The audit committee (“Committee”) is a committee of the board of directors (“Board”).

Membership

The Committee shall consist of not less than three members, a majority of whom should be independent non-executive directors.

The Committee members shall be appointed by the Board from amongst the non-executive directors of the Company.

The chairman of the Committee shall be appointed by the Board and should be an independent director.

Secretary of Committee

The company secretary should normally be the secretary of the Committee.

Attendance at meetings

A quorum shall be two members.

The financial controller, the qualified accountant and a representative of the external auditors shall normally attend meetings. Other Board members shall also have the right of attendance.

Frequency of meetings

Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

The duties of the Committee should include the followings:

Relationship with the external 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; and to 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 and to report to the Board, identifying any matters that action or improvement is needed and making recommendations as to the steps to be taken. 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;

Review of financial information

- (d) to monitor integrity of financial statements and the 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 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 judgemental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption 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) to liaise with the Board, senior management and the qualified accountant; and the Committee must meet, at least once a year, with the external auditors; and
 - (ii) to 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 qualified accountant, compliance officer or auditors;

Oversight of the 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;
- (h) to consider any findings of major investigations of internal control matters 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 Company raised in the external auditor's management letter;
- (m) to report to the Board on the matters set out in code provision C.3 of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (as amended from time to time); and
- (n) to consider other topics, as defined by the Board.

Reporting procedures

The secretary shall send minutes of the Committee meetings to all members of the Committee for their comment .