

China Agri-Industries Holdings Limited 中国粮油控股有限公司
 Corporate Governance Manual for the Board of Directors 董事会企业管治手册
 Adoption Date 采纳日期: 16/10/2009

Section 部分	Regulation 条文	Date of adoption 采纳日期	Date of last amendment 最后修订日期
4.	Terms of reference – Audit Committee 职权范围 - 审核委员会	16/02/2007	27/02/2009

Constitution

1. The Board of Directors (the “Board”) resolved on 16 February 2007 to establish a committee known as the Audit Committee (the “Committee”) to assist the Board in providing an independent review of the effectiveness of the financial reporting process and internal control system of the Company. The Committee was formed pursuant to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). These terms of reference of the Committee were adopted with reference to “Appendix 14 the Code on Corporate Governance Practices” (the “Code”) and “Appendix 23 Corporate Governance Report” to the Listing Rules effective 1 January 2005.

Membership

2. The Committee members shall be appointed by the Board on the recommendation of the nomination committee from amongst the non-executive directors of the Company and 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 appropriate accounting or related financial management expertise.
3. The majority of the members of the Committee shall be independent non-executive directors.
4. The chairman of the Committee shall be appointed by the Board following receipt of a proposal from the nomination committee, who shall be an independent non-executive director.

Quorum

5. A quorum shall be two Committee members.

Attendance at meetings

6. The financial controller, the head of internal audit and representative(s) of the external auditor shall normally attend meetings. The Committee shall invite any appropriate persons to attend the meeting whenever it is necessary. Other Board members shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditor without the presence of executive Board members.
7. The members shall participate in meetings of the Committee either in person or by means of a conference telephone or similar communications equipment.

Committee secretary

8. The company secretary shall act as the secretary of the Committee (the "Secretary").

Frequency of meetings

9. Regular meetings of the Committee shall be held not less than twice during a financial year, with each before the Board meeting for approving preliminary announcements of interim results and annual results respectively. Ad hoc meeting may also be convened whenever situation warrants. The external auditors may request a meeting if they consider that one is necessary.

Annual general meeting or extraordinary general meetings

10. The chairman of the Committee or his nominee shall attend the Company's annual general meeting and/or extraordinary general meetings and be prepared to advise shareholders how to vote with respect to relevant resolutions that require shareholders' approval and/or respond to shareholders' questions.

Arrangement for and notice of meetings

11. Meetings of the Committee shall be called by the Secretary as instructed by the chairman of the Committee, or requested by the Board or external auditor (as the case may be).

12. Notice of at least 14 days shall be given to all Committee members for regular meetings of the Committee. For all other meetings, reasonable notice shall be given.
13. If any member of the Committee wishes to include matters in the agenda for a particular regular meeting, he or she may notify the Secretary such matters in writing within seven days after a notice of the meeting is given.

Access to services of company secretary

14. The Committee shall be provided with sufficient resources to discharge its duties. Members of the Committee shall have access to the advice and services of the company secretary to ensure that board procedures and all applicable rules and regulations are followed.

Minutes of meetings

15. The Secretary shall minute in sufficient detail the proceedings and resolutions of all Committee meetings, including any concerns raised and dissenting views expressed as well as the names of those present and in attendance.
16. Draft and final versions of minutes of meetings of the Committee shall be sent to members of the Committee for their comments and records respectively within a reasonable period of time after the meetings are held. Minutes of meetings of the Committee are open for inspection by any director at any reasonable time on reasonable notice to the company secretary.

Authority

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

Access to independent professional advice

18. The Committee is authorized by the Board to obtain, in connection with its duties and at the Company's expense, any outside legal or other independent professional advice and to secure the attendance of external advisors with relevant experience and expertise if it considers this necessary. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it to discharge its duties.

Duties

19. The principal purpose of the Committee shall be to ensure the Company to duly comply with the financial reporting and internal control principles of the Listing Rules and the Board to maintain an appropriate relationship with the Company's external auditors.
20. The Committee shall perform the following duties:

Relationship with the external auditor

- 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 deal with 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. Procedures to review and monitor the independence of external auditor may include:-
 - i. consider all relationships between the Company and the audit firm (including the provision of non-audit services);
 - ii. seek from the audit firm, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including current requirements regarding rotation of audit partners and staff; and
 - 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 matter the external auditor may wish to raise.
- c. to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences, and ensure co-ordination where more than one audit firm is involved;
- d. 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;
- e. to 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.

Review of financial information of the Company

- f. to monitor the integrity of financial statements, the annual report and accounts, half-year report, if prepared for publication, quarterly reports and to review significant financial reporting judgments contained in them. In reviewing these reports and accounts before submission to the Board, the Committee shall focus particularly on:
 - i. any changes in accounting policies and practices;
 - ii. major judgmental areas;
 - iii. significant adjustments resulting from the audit;
 - iv. the going concern assumptions and any qualifications;
 - v. compliance with accounting standards; and
 - vi. compliance with the Listing Rules and other legal requirements in relation to financial reporting;

- g. in regard to (f) above:
 - i. members of the Committee shall liaise with the Board, senior management and the person, if any, appointed as the Company's qualified accountant and the Committee shall meet, at least once a year, with the external auditor; and
 - ii. the Committee shall 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, if any, compliance officer or external auditor;

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

- h. to review the financial control, internal control and risk management systems of the Company;

- i. 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 including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
- j. 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;
- k. where an internal audit function exists, to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, and to review and monitor the effectiveness of the internal audit function;
- l. to review the Group's financial and accounting policies and practices;
- m. to review the external auditor's management letter, any material queries raised by the external auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
- n. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- o. to report to the Board on the matter set out in the code provisions under C.3 of the Code; and
- p. to consider other matters, as defined by the Board.

Reporting Procedures

21. The chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its duties and responsibilities where action or improvement is needed.

22. Semi-annual reporting to the Board

Reports to the Board should cover, as appropriate, the work and findings of the Committee in the following areas:

- a. Financial and other reporting;
- b. Internal control and risk management;
- c. Audits; and
- d. Other duties and responsibilities,

23. Corporate Governance Report in the annual report

Disclosure should include:

- a. Its role, function and composition of the Committee members (including names and identifying in particular the chairman of the Committee);
- b. The number of the Committee meetings held during the year and record of individual attendance of members, on a named basis, at meetings held during the year;
- c. A report on the work performed by the Committee during the year in discharging its responsibilities in its review of the quarterly (if relevant), half-yearly and annual results and system of internal control, and its other duties set out in the Code;
- d. Details of non-compliance with rule 3.21 of the Listing Rules (if any) and an explanation of the remedial steps taken by the Company to address such non-compliance relating to establishment of an audit committee; and
- e. A statement on the independence of the Committee.

Others

24. These terms of reference are available on reasonable request made to the company secretary at any reasonable time.

25. The provisions on the Board in the Articles of Association of the Company are incorporated into these terms of reference for the Committee by reference.

*The following **Recommended Best Practices** do not form part of the Terms of Reference but for information only*

Recommended best practices

1. The Committee shall hold meetings at least four times a year at approximately quarterly intervals.
2. The Committee shall also review arrangements by which employees of the company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee shall ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action.
3. The Committee shall act as key representative body for overseeing the Company's relation with the external auditor.

Terms of Reference of the Audit Committee

(amended by the Board of Directors of China Agri-Industries Holdings Limited at a Board meeting held on 16 February 2007 to take effect from the date when dealings in the shares of China Agri-Industries Holdings Limited commence on the main board of The Stock Exchange of Hong Kong Limited)

(amended by the Board of Directors of China Agri-Industries Holdings Limited at a Board meeting held on 27 February 2009)

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成立

- 一. 董事会(“董事会”)于2007年2月16日决议通过成立一个委员会,称为审核委员(“委员会”)以协助董事会就本公司的财务报告程序及内部监控系统的有效性提供独立的评审。委员会是按《香港联合交易所有限公司证券上市规则》(《上市规则》)组成。本委员会的职权范围书根据于2005年1月1日起生效的《上市规则》附录十四《企业管治常规守则》(《守则》)及附录二十三《企业管治报告》而制订。

成员

- 二. 委员会成员须由董事会从经提名委员会提名的本公司非执行董事中委任,且须由不少于三名成员组成。成员中至少有一名具有适当的专业资格或具备适当的会计或财务管理专业的独立非执行董事。
- 三. 委员会的大部份成员应为独立非执行董事。
- 四. 委员会主席须由董事会接获提名委员会提名后委任,而此人必须为独立非执行董事。

会议法定人数

- 五. 会议法定人数应为两名委员会成员。

出席会议

- 六. 财务总监、内部审计部门主管及外聘核数师的授权代表通常应出席会议。若有需要，委员会可邀请任何合适人士出席会议。其他董事会成员亦有权出席会议。然而，委员会必须每年一次在没有执行董事出席会议的情况下与外聘核数师会面。
- 七. 成员应亲身或透过电话或其他电子通讯方式参与委员会的各次会议。

委员会之秘书

- 八. 委员会之秘书（“秘书”）由公司秘书出任。

会议次数

- 九. 委员会每个财政年度举行不少于两次之定期会议，而两次定期会议应分别在为批准刊发初步中期业绩及终期业绩公布而召开的董事会会议前的日期举行。若情况需要时，可随时召开临时会议。外聘核数师在认为有需要时，亦可要求召开会议。

股东周年大会或股东特别大会

- 十. 委员会主席或其委任代表须出席本公司的股东周年大会及/或股东特别大会，向股东建议应如何就任何须取得股东批准的相关决议案进行表决及/或回答股东对有关事项作出的提问。

会议安排及通知

- 十一. 委员会的会议由秘书根据委员会主席的指示或应董事会或外聘核数要求召开(根据个别情况而定)。

- 十二. 召开委员会定期会议应向全部委员会成员发出至少 14 天通知。如属任何其他会议，应发出合理的通知。
- 十三. 假若成员希望于某一定期会议的会议议程中加入任何审议事项，则该成员必须于接获会议通知书后七日内以书面通知秘书有关事项。

取得公司秘书的服务

- 十四. 委员会应获供给充足的资源以履行其职责。委员会成员可取得公司秘书的意见及享用其服务，以确保董事会程序及所有适用规则及规例均获遵守。

会议记录

- 十五. 秘书应对委员会各次会议的进程及决定作出详细记录，须包括会上提出的问题或表达的异见及各出席及列席人士的姓名。
- 十六. 委员会会议记录的初稿及最后定稿应在会议后一段合理时间内先后发送给委员会全体成员，初稿供成员表达意见，最后定稿作其记录之用。委员会会议记录可在给予公司秘书合理通知后在合理时间供任何董事查阅。

职权

- 十七. 董事会授权委员会调查属于此职权范围书内所述的任何活动。委员会有权向任何一位员工索取所需资料，而所有员工已获指示必须配合委员会的要求。

索取独立专业意见

- 十八. 董事会授权委员会在其履行职责时如认为有需要，获得外部的法律意见或其他独立专业人士的意见，安排具备适当资历及专业知识的外界人士出席会议，而有关支出由本公司承担。委员会有权在认为是履行其责任所需时，委托进行任何报告或调查。

职责

- 十九. 委员会的主要目的是确保本公司能遵守《上市规则》有关财务报告及内部监控系统的原则及使董事会与本公司的外聘核数师维持适当的关系。
- 二十. 委员会的职责应为：

与外聘核数师的关系

- A. 主要负责就外聘核数师的委任、重新委任及罢免向董事会提供建议、批准外聘核数师的薪酬及聘用条件，及处理任何有关核数师辞职或辞退的问题；
- B. 按适用的标准检讨及监察外聘核数师是否独立客观及核数程序是否有效。委员会应按照以下的程序，检讨及监察外聘核数师的独立性：
- (i) 研究本公司与外聘核数师之间的所有关系(包括有否提供非核数服务)；
- (ii) 每年向核数师索取资料，了解核数师就保持其独立性以及在监察有关规则执行方面所采取的政策和程序，包括就轮换核数师合伙人及职员的规定；及

- (iii) 至少每年在管理层不在场的情况下会见核数师一次，以讨论与核数费用有关的事宜、任何因核数工作所产生的事宜及核数师希望提出的其他事项。
- C. 应于核数工作开始前先与核数师讨论核数的性质及范畴及有关申报责任。当有一个以上核数师机构参与核数工作时，应确保核数师机构间的协调。
- D. 就外聘核数师提供非核数服务制定政策，并予以执行。就此规定而言，外聘核数师包括与负责核数的公司处于同一控制权、所有权或管理权之下的任何机构，或一个合理知悉所有有关资料的第三方，在合理情况下会断定该机构是该负责核数的公司的本土或国际业务的一部份的任何机构；及
- E. 委员会应就其认为必须采取的行动或改善的事项向董事会报告，并建议有哪些可采取的步骤；

审阅本公司财务资料

- F. 监察财务报表及年度报告及账目、半年度报告及(若拟刊发)季度报告的完整性，并审阅报表及报告所载有关财务申报的重大意见。在这方面，委员会在向董事会提交有关财务报表及年度报告及账目、半年度报告及(若拟刊发)季度报告前审阅有关报表及报告时，应特别针对下列事项：
 - (i) 会计政策及做法的任何更改；
 - (ii) 涉及重要判断的地方；
 - (iii) 因核数而出现的重大调整；
 - (iv) 企业持续经营的假设及任何保留意见；
 - (v) 是否遵守会计准则；及
 - (vi) 是否遵守有关财务申报的《上市规则》及其他法律规定；

G. 就上述第 F 项而言：-

- (i) 委员会的成员须与董事会、高级管理人员及获委聘为本公司合资格会计师的人士(如有)联络。委员会须至少每年与核数师开会一次；及
- (ii) 委员会应考虑于该等报告及账目中所反映或需反映的任何重大或不寻常事项，并须适当考虑任何与本公司的合资格会计师(如有)、监察主任或核数师提出的事项；

监管本公司财务申报及内部监控程序

H. 检讨本公司的财务监控、内部监控及风险管理制度；

I. 与管理层讨论内部监控系统、确保管理层已履行职责，建立有效的内部监控系统，包括本公司在会计及财务汇报职能方面的资源、员工资历及经验是否足够，以及员工所接受的培训课程及有关预算又是否充足；

J. 主动或应董事会的委派，就有关内部监控事宜的重要调查结果及管理层的回应进行研究；

K. 如本公司设有内部核数功能，须确保内部和外聘核数师的工作得到协调；也须确保本集团的内部核数功能有足够资源运作，并且有适当的地位；以及检讨及监察内部核数功能是否有效；

L. 检讨本集团的财务及会计政策及做法；

- M. 检查外聘核数师给予管理层的《审核情况说明函件》、核数师就会计纪录、财务账目或监控系统向管理层提出的任何重大疑问及管理层作出的回应；
- N. 确保董事会及时回应外聘核数师于给管理层的《审核情况说明函件》中提出的事宜；
- O. 就《守则》第 C.3 条文所载的事宜向董事会汇报；及
- P. 研究其他由董事会界定的课题。

汇报程序

二十一. 委员会主席应在每次会议后正式向董事会报告关于其职权范围内的事项的会议议程。委员会应就其职权范围内任何事项需采取行动或作出改进向董事会提出其认为合适的建议。

二十二. 向董事会作半年度之汇报

委员会向董事会所做的报告应包括委员会在下述方面的工作及发现（如合适）：

1. 财务及其他方面汇报；
2. 内部监控及风险管理；
3. 帐目稽核；
4. 其他职责。

二十三. 年度报告内的《企业管治报告》

必须披露的资料:

- a. 委员会的角色、职能以及组成(包括各成员的姓名,尤其是说明谁是委员会的主席);
- b. 年内委员会开会的次数,以及具名列载个别成员出席会议的记录;
- c. 委员会年内就履行其审议季度(如有)、半年度及年度业绩以及检讨内部监控系统的职责时和履行《守则》所列的其他责任时所做工作的报告;
- d. 未能遵守(如有)《上市规则》第3.21条的详情以及解释本公司因未能符合关于设立审核委员会的规定的补救步骤;及
- e. 有关委员会的独立性的陈述。

其他

二十四. 此职权范围书可于向公司秘书提出合理要求后,在合理的时间获取。

二十五. 本公司《章程》内有关董事会的规定因在此提及而合并到此职权范围书内。

下列**建议最佳常规**非此职权范围书之一部份，仅供参考之用。

建议最佳常规

- 一. 委员会应每年召开至少四次会议，大约每季一次。
- 二. 委员会应检讨本公司设定的以下安排：本公司雇员暗中就财务汇报、内部监控或其他方面可能发生的不正当行为提出关注。委员会应确保有适当的安排让本公司对此等事宜作出公平独立的调查及采取适当行动。
- 三. 委员会应担任本公司与外聘核数师之间的主要代表，负责监察二者之间的关系。

**审核委员会
职权范围书**

(于2007年2月16召开之中国粮油控股有限公司董事会会议获董事会采纳，并于中国粮油控股有限公司股份于香港联合交易所有限公司主板上市之日起生效)

(于2009年2月27召开之中国粮油控股有限公司董事会会议经董事会修订)

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