

Champion Technology Holdings Limited

(the “Company”)

Terms of Reference of the Audit Committee

The Audit Committee of the Company is established by the board of directors of the Company (“the Board”).

Membership

Members and Chairman of the Audit Committee shall be appointed by the Board from time to time. The Audit Committee shall comprise non-executive directors only, with a minimum of three members and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise. The majority of the Audit Committee members must be independent non-executive directors of the Company. The Audit Committee must be chaired by an independent non-executive director.

Terms of Reference

Relationship with the Company’s auditors

- (a) to be primarily responsible for making recommendations 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 its resignation or dismissal;
- (b) to review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process 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. The Audit Committee should report to the board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) to act as the key representative body for overseeing the Company’s relations with the external auditor;

Review of the Company’s financial information

- (e) 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and legal requirements in relation to financial reporting;
- (f) Regarding (e) 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 Company's auditors; and
 - (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports 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 auditors;

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

- (g) to review the Group's financial controls, internal control and risk management systems;
- (h) 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;
- (i) to 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) 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;
- (k) to review the Group's financial and accounting policies and practices;

- (l) to review the external 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 response;
- (m) to ensure that the board will provide a timely response to the issues raised in the external auditor's management letter;
- (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 action;
- (o) to consider other topics, as defined by the board;

Corporate Governance

- (p) to develop and review the Company's policies and practices on corporate governance and make recommendations to the board;
- (q) to review and monitor the training and continuous professional development of directors and senior management;
- (r) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (s) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (t) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The above Terms of Reference shall be updated and revised by the Board as and when necessary.

Reporting

The Audit Committee shall report to the Board on the matters in respect of its terms of reference and shall report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

Authority

In performing its duties within its terms of reference, the Audit Committee is authorized by the Board:

- to be supplied with adequate information, in a timely manner, by the Company to enable it to make informed decision;
- to have access to independent professional advice if necessary; and
- to be provided with sufficient resources by the Company.

(The above being amended and adopted by the Board on 19 March 2012.)