

Vietnam Manufacturing and Export Processing (Holdings) Limited

越南製造加工出口(控股)有限公司

Terms of reference of the Audit Committee ("Committee") of the Board of Directors ("Board") of the Company

1. Constitution

1.1 The Committee is established pursuant to a resolution passed by the Board at its meeting held on 24 November 2007.

1.2 Members of the Committee shall be appointed by the Board from amongst the non-executive directors only of the Company and shall consist of not less than 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 in rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

1.3 The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.

1.4 The company secretary of the Company shall be the secretary of the Committee.

2. Proceedings of the Committee

2.1 Notice:

(a) Unless otherwise agreed by all the Committee members, a meeting shall be called by at least seven days' notice.

(b) A Committee member may and, on the request of a Committee member, the secretary to the Committee shall, at any time summon a Committee meeting. Notice shall be given to each Committee member in person orally or in writing or by telephone or by email or by facsimile transmission at the telephone or facsimile or address or email address from time to time notified to the secretary by such Committee member or in such other manner as the Committee members may from time to time determine.

(c) Any notice given orally shall be confirmed in writing as soon as practicable and before the meeting.

(d) Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the meeting.

2.2 Quorum: The quorum of the Committee meeting shall be two members of the Committee.

2.3 The Finance Director and a representative of the external auditors shall normally attend meetings. Other Board members shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditors without executive Board members present.

2.4 Meetings shall be held at least twice annually or more frequently if circumstances require to consider the annual and interim reports prepared by the Board. The external auditors may request the Chairman of the Committee to convene a meeting, if they consider that one is necessary.

3. Written resolutions

3.1 Written resolutions may be passed by all Committee members in writing.

4. Alternate Committee members

4.1 A Committee member may not appoint any alternate.

5. Authority of the Committee

5.1 The Committee may exercise the following powers:

- (a) to seek any information it requires from any employee of the Company and its subsidiaries (together, the "Group") and any professional advisers (including auditors), to require any of them to prepare and submit reports and to attend Committee meetings and to supply information and address the questions raised by the Committee;
- (b) to monitor whether the Group's management has, in the performance of their duties, infringed any policies set by the Board or any applicable law, regulation and code (including the Listing Rules and other rules and regulations from time to time determined by the Board or a committee thereof);
- (c) to investigate all suspected fraudulent acts involving the Group and request the management to make investigation and submit reports;
- (d) to review and make recommendations to the Board for the improvement of the Group's risk management and internal control systems; and
- (e) 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.

6. Duties

6.1 The duties of the Committee shall be:

- (a) to consider, and to make recommendation to the Board on, the appointment, reappointment and removal of the external auditor, and to approve the audit fee and other terms of engagement of the external auditor, and any questions of resignation or dismissal of the external auditor;
 - (b) to review and monitor the external auditor's independence and objectively and the effectiveness of the audit process in accordance with applicable standard;
 - (c) to discuss with the external auditors before the audit commences, the nature and scope of the audit and reporting obligations 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, 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;
 - (e) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgements contained in them. In this regard, in reviewing the Company's financial reports, the Committee should focus particularly on the followings and provide advice and comments thereon to the Board:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption and any qualifications;
 - (v) compliance with accounting standards;
 - (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;
- in regard to above:
- (i) members of the Committee must 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 such reports and accounts and must give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function or auditors;

- (f) to discuss problems and reservations arising from the limited review of interim results and audit of the final results, and any matters the auditors may wish to discuss (in the absence of management where necessary);
- (g) to oversee the Company's financial reporting, risk management and internal control systems:
 - (i) to review the Company's financial controls, risk management and internal control systems
 - (ii) to discuss with the management the systems of risk management and internal control and ensure that management has discharged its duty to have effective systems including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function;
 - (iii) to consider any findings of major investigations of risk management and internal control matters as delegated by the Board or on its own initiative and management's response;
 - (iv) to review the internal audit programme, ensure co-ordination between the internal and external auditors, and 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;
 - (v) to consider the major findings of internal investigations and management's response;
 - (vi) to review the Group's financial and accounting policies and practices;
 - (vii) 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; and
 - (viii) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (h) to conduct exit interviews with any director, General Manager or Finance Director upon their resignation in order to ascertain the reasons for his departure;
- (i) to report to the Board on the matters set out in the code provisions contained in the Code on Corporate Governance Practices set out in (and as amended from time to time) Appendix 14 to the Listing Rules; and
- (j) to consider other matters, as defined or assigned by the Board from time to time.

7. Minutes and records

7.1 Full minutes of the meetings of the Committee and all written resolutions of the Committee should be kept by the secretary of the Committee.

7.2 The secretary of the Committee shall circulate the draft and final versions of minutes of the meeting of the Committee or, as the case may be, written resolutions of the Committee to all members of the Committee for their comment and records respectively within a reasonable time after the meeting or the passing of the written resolutions.

7.3 The secretary of the Committee shall circulate the minutes of Committee meetings, reports of the Committee and relevant information to all directors of the Company.

7.4 The secretary of the Committee shall keep record of all meetings of the Committee held during each financial year of the Company and records of individual attendance of members of the Committee, on a named basis, at meetings held during that financial year.

8. Powers of the Board

8.1 The Board may, subject to compliance with the articles of association of the Company and the Listing Rules (including the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules or if adopted by the Company, the Company's own code of corporate governance practices), amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.