

ROAD KING INFRASTRUCTURE LIMITED (the “Company”)

Terms of Reference of the Audit Committee

Constitution

1. The Audit Committee (the “Committee”) has been established by the Board of Directors (the “Board”).

Objective

2. The objective of the Committee is to assist the Board to monitor the financial reporting process, risk management and internal control systems regarding financial reporting, accounting compliance and the audit of the financial statements of the Company.

Membership

3. The members of the Committee (the “Members”) shall be appointed by the Board among the Non-executive Directors of the Company. Majority of the Members shall be Independent Non-executive Directors. At least one member shall have appropriate professional qualifications or accounting or related financial management expertise as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).
4. The Committee shall consist of not less than three members and a quorum should be two Independent Non-executive Directors.
5. The Chairman of the Committee shall be appointed by the Board and should be an Independent Non-executive Director.
6. The Company Secretary or a person duly appointed by the Committee shall act as the secretary of the Committee (the “Secretary”).

Attendance at Meetings

7. Internal auditor, senior management and representatives of the external auditor shall normally attend meetings. Other Board members shall also normally have the right of attendance but can be asked by the Committee not to be present at any meeting or during the discussion of any items on the agenda of any meeting. The Committee shall meet with the external auditor at least once a year without Executive Directors present.
8. Attendance may be in person or by telephone or other means of telecommunication.
9. The Bye-laws of the Company shall apply to proceedings of meetings of the Committee.

Frequency of Meetings

10. The Committee shall meet at least twice annually with the Company's external auditor. The external auditor or any members of the Committee may request a meeting if they consider necessary.

Authority

11. The Committee is authorised by the Board:
 - (a) to investigate any activity within its terms of reference and to seek any information it requires from any employee. All employees are directed to co-operate with any request made by the Committee;
 - (b) to obtain outside legal or other independent professional advice at the Company's expenses to secure the attendance of outsiders with relevant experience and expertise as it considers necessary; and
 - (c) to call on any employee to assist inquiry at a meeting of the Committee as and when required.

Duties

12. The duties of the Committee shall be:

- (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 Committee should discuss with the 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;
- (c) to develop and implement policy on engaging an external auditor to provide non-audit services. For this purpose, "external auditor" includes any entity this 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) to monitor integrity of the interim and annual financial statements and interim and annual report and accounts, and to review significant financial reporting judgements contained in them before submission to the Board, focusing 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 assumption and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

- (e) Regarding (d) above:
- (i) members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's external auditor; 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 who is responsible for the accounting and financial reporting function, compliance officer, or auditor;
- (f) to review the Company's financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;
- (g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. 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;
- (h) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (i) 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;
- (j) to review the Group's financial and accounting policies and practices;
- (k) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);

- (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 where employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The 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 requested from time to time by the Board; and
- (p) to report to the Board on the matters raised in this section 12.

13. Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Company should include in the Corporate Governance Report a statement from the Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

Reporting Procedures

- 14. The Committee shall report the findings and recommendations of the Committee to the Board on a regular basis.
- 15. Full minutes of the Committee meetings shall be prepared by the Secretary and copies shall be sent to all members of the Board.

Annual General Meeting

- 16. The Committee Chairman or in his absence, another member of the Committee or failing that his duly appointed delegate, shall attend the annual general meeting of the Company to answer questions from the shareholders of the Company, if any, on matters within the scope of duties of the Committee.