

BOER POWER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Revised Terms of Reference – Audit Committee

(adopted by the Board on 15 December 2015)

Constitution

1. The board of directors of Boer Power Holdings Limited (the “**Company**”) (the “**Board**”) has resolved the establishment of the Audit Committee on 30 September 2010.

Membership

2. The Audit Committee (the “**Committee**”) shall be appointed by the Board from amongst the non-executive directors of the Company with a minimum of 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 under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) (the “**Listing Rules**”).
3. The majority of the Committee must be independent non-executive directors and the chairman of the Committee must be an independent non-executive director.
4. A quorum shall be three members.

Notice of Meetings

5. Meetings of the Committee shall be summoned by the secretary of the Committee who will be the company secretary of the Company.
6. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than 3 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

Attendance at meetings

7. The Chief Financial Officer 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 members shall meet with the external and internal auditors without executive Board members present.
8. The company secretary shall be the secretary of the Committee.

Frequency of meetings

9. Meetings shall be held not less than twice a year at the request of the Board or Senior Management. The Committee shall meet with the external auditors of the Company at least twice a year.

Annual General Meeting

10. The Chairman of the Committee (or if he is not able to attend, his delegate who shall be a member of the Committee) shall attend the Annual General Meeting prepared to respond to any shareholder's questions on the Committee's activities.

Authority

11. 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.
12. The Committee is authorised by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings of the Committee if it considers necessary.

Duties

13. The duties of the Committee shall be:

Relationship with the Company's auditors

- (a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, 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 external auditors before the audit commences, the nature and scope of the audit and reporting obligations, and to ensure co-ordination where more than one audit firm is involved;
- (c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, an "external auditor" includes any entity that 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;

Review of the Company's financial information

- (d) 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 judgments contained in them. In reviewing these 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 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;

and regarding the duties set out in this paragraph (d) above:

- (A) 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 auditors; and
- (B) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the report 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 and internal control systems

- (e) to discuss with the external auditor matters relating to its audit fees, any issues arising from the audits, and any other matters the auditors may wish to raise (in the absence of management where necessary);
- (f) to review the Company's financial controls and internal control systems;
- (g) 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;

- (h) 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;
- (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) 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 about 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 issues raised in the external auditor's management letter;
- (m) to review arrangements by which employees and those who deal with the Company (e.g. customers and suppliers) can raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters related to the Company, and to ensure proper arrangements are in place for the fair and independent investigation of such concerns and for appropriate follow-up action;
- (n) to act as the key representative body for overseeing the Company's relations with the external auditors;
- (o) to report to the Board on the matters set out in the Corporate Governance Code provision set out in Appendix 14 of the Listing Rules; and
- (p) to consider other topics, as defined by the Board.

Reporting procedures

14. The secretary shall circulate the minutes of meetings and reports of the Committee to all members of the Board as soon as practicable after the conclusion of any meeting of the Committee.
15. Full minutes of the meetings of the Committee shall be kept by the secretary of the Committee, who shall send draft and final versions of minutes of meetings and all written resolutions of the Committee to all Committee members for their comment and records, within a reasonable time after the meeting.

Others

16. The Committee should be provided with sufficient resources to perform its duties.