

# **SUCCESS UNIVERSE GROUP LIMITED**

*(formerly known as Macau Success Limited)*

**(the “Company”)**

## **Terms of Reference for Audit Committee**

### ***Constitution***

1. The board of directors of the Company (the “Board”) resolved to establish a committee of the Board to be known as the Audit Committee.

### ***Objective and Role***

2. The Audit Committee is responsible for ensuring the objectivity and credibility of financial reporting, and that in presenting results to the shareholders, the directors have exercised the care, diligence and skills prescribed by law.
3. The Audit Committee is responsible for ensuring that an effective system of internal controls of the Company is in place.
4. The Audit Committee is responsible for maintaining an appropriate relationship with the external auditors of the Company.

### ***Membership***

5. The Audit Committee members shall be appointed by the Board from amongst the non-executive directors of the Company and must consist of not less than three members. The majority of the Audit Committee members must be independent non-executive directors of the Company (“IND(s)”), at least one of whom with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).
6. The chairman of the Audit Committee shall be appointed by the Board and must be an IND.

### ***Secretary***

7. The company secretary of the Company shall be the secretary of the Audit Committee.

### ***Meetings***

8. Audit Committee meetings shall be held not less than twice a year and at such other times as the Audit Committee determines appropriate. The external auditors may request a meeting if they consider that one is necessary.
9. The quorum for a meeting of the Audit Committee shall be two members.
10. The financial controller of the Company and a representative of the external auditors shall attend meetings. Where applicable, the Audit Committee shall meet with the external auditors without executive directors of the Company present once a year and may invite any appropriate person to attend the meeting.
11. The members of the Board shall have the right of attendance.
12. Full minutes of the Audit Committee meetings shall be kept by the secretary of the Audit Committee.

### ***Authority***

13. The Audit Committee is authorized by the Board to investigate any activity within these Terms of Reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
14. The Audit Committee is authorized by the Board 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.
15. The Audit Committee should be provided with sufficient resources to discharge its duties.

### ***Duties***

16. The Audit Committee shall have the following duties:
  - (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of the external auditors;
  - (b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The Audit Committee should discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
  - (c) to develop and implement policy on the engagement of external auditors to supply non-audit services. For this purpose, external auditors 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. The Audit 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;
  - (d) to monitor integrity of financial statements of the Company, the Company's annual report and accounts and half-year report, and to review significant financial reporting judgements contained in them. In this regard, in reviewing the annual report and accounts and half-year report 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 Listing Rules and other legal requirements in relation to financial reporting;
  - (e) In regard to (d) above:-
    - (i) members of the Audit Committee must liaise with the Board and senior management and the Audit Committee must meet, at least once a year, with the external auditors; and

- (ii) the Audit 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, compliance officer or external auditors;
- (f) to review the financial controls, internal control and risk management systems of the Company;
- (g) 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;
- (h) 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;
- (i) where appropriate, 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 the effectiveness of the internal audit function;
- (j) to review the financial and accounting policies and practices of the Company and its subsidiaries;
- (k) to review the external auditors' management letter, any material queries raised by the external auditors to management in respect of the 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 auditors' management letter;
- (m) to report to the Board on the matters set out in paragraphs 16(a) to (l) and (n) of these Terms of Reference; and
- (n) to consider other topics, as defined by the Board.

### ***Reporting procedures***

17. The Audit Committee shall report to the Board on any decision and recommendation made by it, either orally or in writing, at the subsequent regular meeting of the Board or at other times or occasions where necessary.
18. The secretary of the Audit Committee shall send the draft and final versions of minutes of meetings to all members of the Audit Committee for their comment and records respectively.
19. The secretary of the Audit Committee shall circulate the minutes of meetings and reports of the Audit Committee to all members of the Board.

### ***Revision of Terms of Reference***

20. These Terms of Reference should be reviewed and, when necessary, can be revised by the Board from time to time.

#### Note

"senior management" should refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 of the Listing Rules.

Revised on 5 June 2009