

BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LIMITED
(華晨中國汽車控股有限公司)*
(Incorporated in Bermuda with limited liability)

**Terms of reference for the Audit Committee
of the board of directors of
Brilliance China Automotive Holdings Limited (the “Company”)
adopted by
the board of directors of the Company
at a meeting held on 3rd April, 2009,
with retrospective effect on 1st January, 2009**

Constitution

1. At a meeting held on 20th December, 1999, the board of directors of the Company (the “Board”) resolved to establish a Committee of the Board to be known as the Audit Committee (the “Committee”).

Membership

2. The Committee shall be appointed by the Board from amongst the Independent Non-Executive Directors of the Company and shall consist of not less than three members. A quorum for meeting shall be two members.
3. A former partner of the existing auditing firm of the Company should be prohibited from acting as a member of the Committee for a period of one year commencing the date of his ceasing: (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is the later.
4. The Chairman of the Committee shall be appointed by the Board.

Attendance at meetings and Secretary

5. The Chief Financial Officer, the Head of Internal Audit (where an internal audit function exists and an appointment is made to that position), and a representative of the external auditor shall normally attend meetings.
6. The company secretary shall be the secretary of the Committee.

Frequency of meetings

7. Meetings shall be held not less than twice a year. The external auditors may also request additional meetings as they deem necessary.

Authority

8. 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

* for identification purposes only

made by the Committee.

9. The Committee is authorised by the Board to obtain, as the Committee deems appropriate, outside legal or other independent professional advice and to secure the attendance of other persons with relevant experience and expertise, at the expense of the Company. The Company will provide appropriate funding for the Committee's administration of its duties including the reasonable fees of legal and other independent professional advisors.

Duties

10. The duties of the Committee shall be:

Relationship with the external auditor

- (a) to be primarily responsible for the appointment, re-appointment and removal of the external auditor, the remuneration and terms of engagement of the external auditor, and the resignation or dismissal of the external auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to oversee the work of external auditor (including resolution of disagreements between management and the external auditor regarding financial reporting). The Committee should establish with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on the engagement of an external auditor to supply non-audit services. For this purpose, "external auditor" 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 Committee should identify to the Board any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken;

Review of financial information

- (d) to monitor the integrity of financial statements of the Company and the Company's annual reports and accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In this regard, in reviewing the Company's reports and accounts before submission to the Board, the Committee should focus particularly on:
 - (i) changes in accounting policies and practices;
 - (ii) accounting policies which require difficult, subjective or complex judgments (also known as "critical accounting policies");
 - (iii) significant adjustments resulting from audits;

- (iv) going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with listing rules of stock exchange(s) and other applicable legal and regulatory requirements and guidance in relation to financial reporting;
- (e) In regard to (d) above:
- (i) members of the Committee must liaise with the Board and senior management;
 - (ii) the Committee must meet at least once a year with the external auditor; and
 - (iii) 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, compliance officer (if any) or auditor;

Oversight of financial reporting system and internal control procedures

- (f) to establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- (g) to review the Company's financial controls, internal control and risk management systems;
- (h) to discuss with the management the system of internal control and ensure that management has discharged its duty to establish and maintain 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;
- (i) to discuss policies with respect to risk assessment and risk management;
- (j) to consider the findings of investigations of internal control matters as delegated by the Board, or on the Committee's own initiative, and review management's response;
- (k) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, 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;
- (l) where an internal audit function exists, to meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with external auditors;

- (m) to review the group's financial and accounting policies and practices;
- (n) to review the external auditor's management letter, any material queries raised by the external auditor to management in respect of the accounting records, financial accounts or systems of control, and management's response;
- (o) to review with the external auditor any audit problems or difficulties and management's response;
- (p) to ensure that the Board provides a timely response to the issues raised in the external auditor's management letter;
- (q) to report to the Board on the matters set out in the code provision of Rule C.3 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- (r) to give pre-approval of other services and fees of the external auditor;
- (s) to set clear hiring policies for employees or former employees of the external auditors;
- (t) to report regularly to the Board of the result of their review of the financial reporting system and internal control procedures and recommendations (if any) thereon; and
- (u) to consider other topics, as determined from time to time by the Board.

Reporting procedures

11. The secretary of the Committee shall circulate the draft and final versions of minutes of the Committee meetings to all members for comment and approval and circulate reports of the Committee to all members of the Board.
12. The secretary of the Committee shall maintain as part of the Company's corporate records all approved minutes and reports of the Committee.