



中國海景控股有限公司  
Sino Haijing Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1106)**

**(“Company”)**

## **Terms of Reference of the Audit Committee**

### **Membership**

1. The Audit Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three members. The majority of the committee members must be independent non-executive directors, at least one of whom with appropriate professional qualifications or accounting or related financial management expertise as pursuant to Rule 3.10(2) of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”).
2. The Chairman of the Audit Committee shall be appointed by the Board and must be an independent non-executive director.
3. A former partner of the Company’s existing auditing firm should be prohibited from acting as a member of the Committee for a period of two years from the date of his/her ceasing:
  - (a) to be a partner of the firm; or
  - (b) to have any financial interest in the firm,whichever is the later.

### **Secretary**

4. The Company Secretary of the Company shall be the secretary of the Audit Committee.

### **Meetings**

5. The Audit Committee shall meet at least twice a year. Additional meetings should be held if the Audit Committee shall so request.
6. The quorum for Audit Committee shall be two members.
7. Only members of the Audit Committee have the right to attend and vote at the meetings.
8. Notice of any meetings of the Audit Committee has to be given 7 days prior to any such meeting being held, unless all members unanimously waive such notice.
9. Members of the Audit Committee may participate in a meeting of the Audit Committee by means of conference telephone or similar communication equipment by means of which all persons participating in the meeting can hear each other and participating in a meeting pursuant to this provision shall constitute presence in person at such meeting.

10. Draft and final version of minutes of the meetings should be sent to all committee members for their comment and records within a reasonable time after the meetings.

### **Attendance**

11. The Chairman of the Audit Committee may request that members of management and representatives of the external auditors be present at meetings of the Audit Committee. At least once a year the Audit Committee shall meet with the external auditors without executive Board members present.

### **Authority**

12. The Audit Committee is authorized 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 requests made by the Audit Committee; and
  - (b) to obtain outside legal or other independent professional advice as necessary to assist the Audit Committee.

### **Duties**

13. The Audit Committee is to be provided with sufficient resources to perform its duties. The Audit Committee shall have the following duties:

#### **A. Relationship with the Company's auditors**

- (a) To be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve 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 Audit 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 supply non-audit services. For this purpose, "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 Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

B. Review of the Company's financial information

- (d) To review the interim and annual financial statements 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 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 Audit Committee should liaise with the Board, senior management and the Audit Committee should meet, at least twice a year, with the Company's auditors; and
  - (ii) the Audit 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 responsible for the accounting and financial reporting function, compliance officer or auditors;
- (f) The Audit Committee should discuss problems and reservations arising from the audit and any other matters the auditor may wish to discuss (in the absence of management where necessary).

C. Oversight of the Company's financial reporting system, risk management and internal control systems

- (g) To review the Company's financial control, and unless expressly addressed by a separate board risk committee of the Board, or by the Board itself, to review the Company's risk management and internal control systems.
- (h) 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.
- (i) To consider major investigations 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.
- (j) To review the Group's financial and accounting policies and practices.
- (k) 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 issuer, and to review and monitor its effectiveness.

- (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 employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.
- (o) To act as the key representative body for overseeing the Company's relations with the external auditor.
- (p) To report to the Board on the matters in the code provisions contained in the Code on Corporate Governance Practices set out in (and as amended from time to time) Appendix 14 of the Listing Rules.
- (q) To consider other topics, as defined by the Board.

#### **Reporting responsibilities and procedures**

- 14. The Audit Committee shall report to the Board any suspected frauds or irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention.
- 15. The secretary of the Audit Committee shall circulate the minutes of meetings and reports of the Audit Committee (if any) to all members of the Board.

#### **Annual General Meetings**

- 16. The chairman of the Audit Committee or in his absence, another member of the Audit Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to answer questions at the annual general meeting on the Audit Committee's work and its responsibilities.

#### **Publication**

- 17. The Audit Committee shall make available these terms of reference by publishing them on the websites of The Stock Exchange of Hong Kong Limited and the Company.

Dated: 1 January 2019

(If there is any inconsistency between the English and Chinese version of these terms of reference, the English version shall prevail.)