



## BAMBOOS HEALTH CARE HOLDINGS LIMITED

### 百本醫護控股有限公司

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

(Stock Code: 8216)

#### TERMS OF REFERENCE OF THE AUDIT COMMITTEE

*(Adopted by a resolution of the board (the “Board”) of directors (the “Directors”) of Bamboos Health Care Holdings Limited (the “Company”) passed on 24 June 2014 and revised on 4 Feb 2016)*

#### 1. MEMBERSHIP

- 1.1 The members (the “**Members**”) of the Audit Committee shall be appointed by the Board and should comprise a minimum of three Members.
- 1.2 The Members shall be appointed from amongst the non-executive Directors. The majority of Members should be independent non-executive Directors, at least one of whom should be an independent non-executive Director with professional qualifications or accounting or related financial management expertise as required in Rule 5.05(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).
- 1.3 The Board shall appoint the chairman of the Audit Committee. The chairman must be an independent non-executive Director.
- 1.4 A former partner of the Company’s existing auditing firm shall not act as a Member until one year after the commencement of 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.
- 1.5 The term of each appointment to the Members shall be determined by the Board upon appointment.

#### 2. SECRETARY

- 2.1 The Company Secretary shall be the secretary of the Audit Committee.
- 2.2 The Audit Committee may from time to time appoint another secretary with appropriate qualification and experience.

### 3. MEETINGS

- 3.1 Meetings shall be held not less than twice a year. The external auditors may make the request to the chairman of the Audit Committee to convene a meeting of the Audit Committee.
- 3.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be sent to each Member, and to any other person required to attend in relation to all regular meetings of the Audit Committee, at least 14 days before the date of the meeting; and in relation to continued meetings held within 14 days, no prior notice is required.
- 3.3 The quorum of Audit Committee meetings shall be two Members, one of them should be an independent non-executive Director.
- 3.4 Members may attend meetings either in person, by telephone or through other electronic means of communication (which are available to all attended parties).
- 3.5 Resolutions of the Audit Committee shall be passed with a majority of votes.
- 3.6 Resolutions signed by all Members will be treated valid as if it is passed in the meeting held by the Audit Committee.
- 3.7 Minutes of the Audit Committee meetings shall be kept by the secretary of the Audit Committee and shall be available for inspection by any Member and/or any Director at any reasonable time on reasonable notice. Draft and final versions of minutes of Audit Committee meetings shall be sent to all Members for their comments and records respectively, in both cases within a reasonable time after the meeting. Once they are agreed, the secretary of the Audit Committee shall circulate the minutes and reports of the Audit Committee to all members of the Board.

### 4. ATTENDANCE OF MEETINGS

- 4.1 The Audit Committee shall attend meetings at least twice a year with the external auditors without executive Board members present (except those invited by the Audit Committee).
- 4.2 Upon invitation by the Audit Committee, the following persons may attend all or any of the meetings:
  - (a) the head of internal audit or (if absence) the representative of internal audit;
  - (b) the financial controller; and
  - (c) other Board members.
- 4.3 Only Members shall have the voting powers.

## **5. ANNUAL GENERAL MEETINGS**

5.1 The chairman of the Audit Committee shall endeavour to attend the annual general meetings of the Company and be prepared to respond to any shareholder questions on the Audit Committee's activities. If the chairman of the Audit Committee is unable to attend, a Member (who must be an independent non-executive Director) shall attend the annual general meeting of the Company. Such person shall be prepared to respond to any shareholder questions on the Audit Committee's activities.

## **6. DUTIES AND RESPONSIBILITIES**

The duties of the Audit Committee are to serve as a focal point for communication between other Directors, the external auditors, and the management as their duties relate to financial and other reporting, internal controls, risk management and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, by satisfying themselves as to the effectiveness of the Company's internal controls and risk management systems and as to the efficiency of the audits.

### **Relationship with the external auditors of the Company**

6.1 to make 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;

6.2 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The Audit Committee should discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

6.3 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;

### **Review of the financial information of the Company**

6.4 to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports and to review significant financial reporting judgments contained therein. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

(a) any changes in accounting policies and practices;

(b) major judgmental areas;

- (c) significant adjustments resulting from the audit;
- (d) going concern assumptions and any qualifications;
- (e) compliance with accounting standards; and
- (f) compliance with the GEM Listing Rules and other legal requirements in relation to financial reporting;

6.5 Regarding the above duties,

- (a) the Members shall liaise with the Board and senior management of the Company and the Audit Committee must meet, at least twice a year, with the Company's auditors; and
- (b) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and to 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 financial reporting, internal control and risk management systems**

- 6.6 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 controls systems;
- 6.7 to discuss the internal control and risk management 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;
- 6.8 to consider major investigation findings on internal control and risk management matters as delegated by the Board or on its own initiative and management's response to these findings;
- 6.9 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;
- 6.10 to review the financial and accounting policies and practices of the Company and its subsidiaries;
- 6.11 to review the external auditor's management letter, any material queries raised by the auditor to management about the accounting records, financial accounts or systems of control and management's response;
- 6.12 to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

- 6.13 to act as the key representative body for overseeing the Company's relations with the external auditor;
- 6.14 to review arrangements which employees of the Company and/or other stakeholders who deal with 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;
- 6.15 to report to the Board on the matters set out in Code Provisions C.3.1 to C.3.7 of the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules; and
- 6.16 to consider other topics, as defined by the Board.

## **7. REPORTING RESPONSIBILITIES**

- 7.1 After each meeting, the Audit Committee shall report formally to the Board on their decisions or recommendations, and all matters within its duties and responsibilities (unless there are legal restrictions on their ability to do so).

## **8. AUTHORITY**

- 8.1 The Audit Committee is authorised by the Board to investigate any financial information and records of the Company.
- 8.2 The Audit Committee is authorised by the Board when necessary to seek any financial information it requires from any employee of the Company and its subsidiaries, to require any of them to prepare and supply financial information and answer questions raised by the Audit Committee.
- 8.3 The Audit Committee is authorised by the Board when necessary to obtain outside independent legal or other professional advice in connection with its duties at the Company's expense. All such arrangements of obtaining outside legal or other independent professional advice may be made by the company secretary.
- 8.4 The Audit Committee shall have access to sufficient resources in order to discharge its duties.

*If there is any inconsistency between the English version and the Chinese version, the English version shall prevail.*