

China Oriented International Holdings Limited 向中國國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1871)

Terms of Reference – Audit Committee

(adopted on 19 September 2019)

The board of directors (the “**Board**”) of China Oriented International Holdings Limited 向中國國際控股有限公司 (the “**Company**”, together with its subsidiaries, the “**Group**”) has established a committee of the Board to be known as the Audit Committee (the “**Audit Committee**”) with its constitution and particular duties set out below:

1. Membership

- 1.1 All members of the Audit Committee shall be appointed by the Board and the Audit Committee shall comprise of non-executive directors only.
- 1.2 The Audit Committee must comprise 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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).
- 1.3 The Board shall appoint the chairman of the Audit Committee. The chairman must be an independent non-executive director of the Company.
- 1.4 The majority of the Audit Committee members shall be independent non-executive directors of the Company.
- 1.5 A former partner of the Company’s existing auditing firm shall be strictly prohibited from acting as a member of the Audit Committee until two years after the commencement of the date of the person ceasing (a) to be a partner of the auditing firm; or (b) to have any financial interest in the auditing firm, whichever is later.

2. Company secretary

- 2.1 The company secretary of the Company shall be the secretary of the Audit Committee.
- 2.2 The Audit Committee may, from time to time, appoint any other person with the appropriate qualification and experience to act as the secretary of the Audit Committee.

3. Meetings

- 3.1 Meetings shall be held at least twice per year. The Audit Committee members may also call any meetings at any time when necessary or desirable.
- 3.2 Upon invitation from the Audit Committee, the chairman of the Board, the chief executive, external consultant(s) and/or other Board members may attend all or any of the meetings.
- 3.3 Unless otherwise agreed or waived, notice of each meeting confirming the venue, time and date shall be sent to each member of the Audit Committee, and to any other person required to attend in relation to all regular meetings of the Audit Committee, at least 5 days before the date of the meeting; and in relation to continued meetings held within 5 days, no prior notice is required. Notwithstanding the notification period, attendance of the member of the Audit Committee at the meeting would deem to be treated as the waiver of the required notification requirement.
- 3.4 The quorum of the Audit Committee meetings shall be two members, one of whom must be an independent non-executive director.
- 3.5 The members of the Audit Committee may attend meetings either in person, by telephone or through other electronic means of communication (which are available to all attended parties).
- 3.6 Resolutions of the Audit Committee at any meetings shall be passed with a simple majority of votes. In the case of an equality of votes, the chairman of the Audit Committee shall have the casting vote.
- 3.7 Resolutions signed by all members of the Audit Committee will be treated valid and effective as if it is passed in the meeting duly convened and held by the Audit Committee.
- 3.8 Minutes of the Audit Committee meetings shall be kept by the secretary of the Audit Committee or a duly appointed secretary of the meeting in accordance with paragraph 2.2 and shall be available for inspection by any member of the Audit Committee and/or any director of the Company at any reasonable time on reasonable notice. Draft and final versions of minutes of Audit Committee meetings shall be sent to all Audit Committee members for their comments and records within a reasonable time after the meeting. Once all minutes have been finalised, the secretary of the Audit Committee or such duly appointed secretary of the meeting in accordance with paragraph 2.2 shall circulate the minutes and reports of the Audit Committee to all members of the Board.
- 3.9 The chairman of the Audit Committee shall 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 of the Audit Committee 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.

4. Authority

- 4.1 The Audit Committee is authorised by the Board to inspect all accounts, reports and records of the Company.
- 4.2 In order to fulfil its duties, the Audit Committee is eligible to request the management of the Company to provide any figures related to the financial status of the Company, its subsidiaries, joint ventures and associates.
- 4.3 The Audit Committee is authorised by the Board when necessary to seek any financial information it requires from any employee of the Group, to require any of them to prepare and supply financial information and answer questions raised by the Audit Committee.
- 4.4 The Audit Committee is authorised by the Board when necessary to obtain outside legal or other independent professional advice in connection with its duties and responsibilities at the Company's expense.
- 4.5 The Audit Committee shall have access to sufficient resources from the Company in order to perform its duties and responsibilities.

5. Duties and responsibilities

The duties and responsibilities of the Audit Committee shall include, but shall not be limited to the following:

Relationship with the external auditor of the Company

- 5.1 to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor of the Company, and to approve the remuneration and terms of engagement of the external auditor of the Company, and any questions of its resignation or dismissal;
- 5.2 to review and monitor the independence and objectivity of the external auditor of the Company and the effectiveness of the audit process in accordance with applicable standards and suggestions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules;
- 5.3 to discuss with the external auditor of the Company the nature and scope of the audit and reporting obligations before the audit commences;

- 5.4 to develop and implement policy on engaging an external auditor (including 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) to supply non-audit services in accordance with the applicable standards and suggestions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules;
- 5.5 to 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

- 5.6 to monitor the integrity of the financial statements, annual report, accounts, half-year report and (if prepared for publication) quarterly reports of the Company, and to review significant financial reporting judgements contained therein. In reviewing the aforesaid reports and accounts before submission to the Board, focus in particular on:
- a. any changes in accounting policies and practices;
 - b. major judgemental areas;
 - c. significant adjustments resulting from audit;
 - d. going concern assumptions and any qualifications;
 - e. compliance with accounting standards; and
 - f. compliance with the Listing Rules and legal requirements in relation to financial reporting;
- 5.7 regarding 5.6 above:
- a. to liaise with the Board and senior management of the Company and the Audit Committee must meet, at least twice a year, with the external auditor of the Company; and
 - b. to consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and 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;
- 5.8 to act as the key representative body for overseeing the Company's relations with the external auditor of the Company;

Oversight of the financial reporting system, risk management and internal control systems of the Company

- 5.9 to review, at least annually, the financial controls, internal control and risk management systems of the Company;
- 5.10 to discuss the risk management and internal control systems with management and to ensure that management has performed its duty to have effective systems. The discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions;
- 5.11 to consider major investigation 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;
- 5.12 to ensure, where an internal audit function is established, 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 such function;
- 5.13 to review the financial and accounting policies and practices of the Group;
- 5.14 to review the management letter of the external auditor of the Company, any material queries raised by the external auditor of the Company to management about accounting records, financial accounts or systems of control and the response of the management;
- 5.15 to ensure that the Board will provide a timely response to the issues raised in the management letter of the external auditor of the Company;
- 5.16 to report to the Board on the matters set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules;
- 5.17 to consider any other topics or matters, as defined or required by the Board;
- 5.18 to establish a whistleblowing policy and system that the employees of the Company and those who deal with the Company can use to raise concerns, in confidence with the Audit Committee, about possible improprieties in financial reporting, internal control or other matters related to the Company; such policy and system shall be reviewed by the Audit Committee at least annually and proper arrangements shall be in place for fair and independent investigation of these matters and for appropriate follow-up action;

6. Reporting responsibilities

- 6.1 After each meeting, the Audit Committee shall report formally to the Board on all matters within its duties and responsibilities within a reasonable time.
- 6.2 Where there are disagreement between the Audit Committee and the Board on the selection, appointment, resignation or dismissal of the external auditors of the Company, the Audit Committee must ensure that the Company shall include in the corporate governance report a statement from the Audit Committee explaining its recommendation and the reason(s) why the Board has taken a different view.
- 6.3 The Audit Committee should make available these terms of reference by including them on the Stock Exchange's website and the Company's official website.

Note: If there is any inconsistency between the English and Chinese versions of this document, the English version shall prevail.