



# 華富建業國際金融有限公司

## QUAM PLUS INTERNATIONAL FINANCIAL LIMITED

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 952)**

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

The terms of reference of Audit Committee of Quam Plus International Financial Limited (the “**Company**”) were revised and approved by the board of directors of the Company (the “**Board**”) on 9 January 2019.

#### **(1) MEMBERSHIP**

- 1.1 The Audit Committee (the “**Committee**”) is appointed by the Board.
- 1.2 The Committee shall comprise of a minimum of three members (the “**Members**”). The majority of the Members shall be independent non-executive Directors (“**INED**”) and at least one INED 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**”).
- 1.3 The Committee must be chaired by an INED.
- 1.4 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 two years from the date of the person ceasing (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is later.
- 1.5 Company Secretary shall assume the role of secretary for the Committee. The Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Committee.

#### **(2) MEETINGS**

- 2.1 The Committee shall meet at least twice each year. A Member, a director or the external auditors of the Company may request that a meeting be held if they consider it necessary.

- 2.2 Notice of any meetings has to be given at least 14 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member. Notice of any adjourned meetings is not required if adjournment is for less than 7 days.
- 2.3 The quorum for decisions of the Committee shall be any two Members.
- 2.4 Resolutions of the Committee shall be passed by a majority of votes which can also be passed by way of unanimous written resolutions. Meetings can be held in person, by telephone or by video conference.
- 2.5 Full minutes shall be kept by the secretary of the Committee. Draft and final versions of minutes shall be circulated to all Members for their comment and records respectively, in both cases within a reasonable period of time after the meeting. The minutes shall record in sufficient detail the matters considered by the Committee and decisions made, including any concerns or dissenting views expressed by the Members.
- 2.6 Without prejudice to the generality of the duties of the Committee set out in these terms of reference, the Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

### **(3) ATTENDANCE**

- 3.1 The Chief Financial Officer (or any officer(s) assuming the relevant functions but having a different designation) and the Company Secretary of the Company shall normally attend meetings of the Committee. Where an internal audit function exists, the head of internal audit should normally attend meetings of the Committee. The Committee may also invite other persons such as the director or senior executive of the Company to its meetings, as it deems necessary.
- 3.2 At least once a year, the Committee will meet the Company's external auditors without any senior executives of the Company being present, except by invitation of the Committee.
- 3.3 Only Members are entitled to vote at the meetings.

#### **(4) AUTHORITY**

- 4.1 The Committee is authorised by the Board to investigate any activity within its functions and responsibilities outlined in these terms of reference. It is authorised to seek any information it may require from any employee, director, agent or advisor and all such persons will be directed to co-operate with any request made by the Committee.
- 4.2 The Committee shall have unrestricted access to the Executive Directors, other senior executives or employees and the external auditors of the Company. The Committee shall also have the right to consult the external auditors without reference to management or to consult the management without reference to the external auditors.
- 4.3 The Committee is authorised by the Board to seek independent professional advice in appropriate circumstances at the Company's expense to discharge his/her duties as a Member. Arrangement to seek independent professional advice could be made through the Company Secretary.
- 4.4 The Committee shall be provided with sufficient resources to discharge its duties.

#### **(5) DUTIES**

##### **5.1 Relationship with the Company's External Auditors**

- 5.1.1 to be primarily responsible for making 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;
- 5.1.2 to review and monitor the external auditor's independence and objectivity;
- 5.1.3 to review and monitor the effectiveness of the audit process in accordance with applicable standards and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 5.1.4 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; and

5.1.5 to report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

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

5.2.1 to monitor integrity of the Company's financial statements and annual report and accounts, half year report and quarterly reports (if applicable), and to review any significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Committee shall focus particularly on:

- (a) any changes in accounting policies and practices;
- (b) major judgmental areas;
- (c) significant adjustments resulting from audit;
- (d) the 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;

5.2.2 Regarding 5.2.1 above:

- (a) Members must liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's external auditors; and
- (b) the Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, 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 person occupying the same position) or external auditors.

## **5.3 Oversight of the Company's financial reporting system, risk management and internal control system**

5.3.1 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 control systems;

5.3.2 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 annual review of the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal control and financial reporting function;

5.3.3 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;

- 5.3.4 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;
- 5.3.5 to review the Group's financial and accounting policies and practices;
- 5.3.6 to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and the management's response;
- 5.3.7 to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- 5.3.8 to review arrangements by which employees of the Group and others who deal with the Group (e.g. customers and suppliers) can, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters related to the Group and ensuring that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;
- 5.3.9 to act as the key representative body for overseeing the Company's relations with the external auditor; and
- 5.3.10 to consider any other matters specifically referred to the Committee by the Board from time to time.

## **(6) ANNUAL REVIEW**

The Committee shall evaluate its own performance, terms of reference and membership annually to ensure it is performing its duties effectively and shall recommend to the Board any changes it considers necessary.

## **(7) CONFIDENTIALITY**

All Members shall treat and keep all information and documents received or accessible from the Company (including, but not limited to, the reports or minutes of the Committee) in the strictest confidence and shall not directly or indirectly communicate or disclose or divulge (whether in writing or orally or in any other manner) any such information or document to any third party without prior written approval from the Board, save as disclosure is required under the laws and regulations of Hong Kong or is necessary to perform or discharge Member's duties.

**(8) PUBLICATION OF TERMS OF REFERENCE**

The terms of reference of the Committee will be made available on request and published on the websites of HKExnews of the Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.quamplus.com](http://www.quamplus.com)), in order to explain its role and the authority delegated to it by the Board.