



HJ Capital (International) Holdings Company Limited
華金國際資本控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 982)

Terms of Reference for Audit Committee

CONSTITUTION

1. The board of directors of the Company (the “Board”) has resolved to establish a committee of the Board to be known as the Audit Committee (the “Committee”).

MEMBERSHIP AND SECRETARY OF THE COMMITTEE

2. The Committee shall be appointed by the Board and shall consist of not less than three members, all of whom shall be non-executive directors. The majority of the Committee members must be independent non-executive directors (“INEDs”) of the Company and at least one of the INEDs must possess 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”). A quorum shall be a majority of the members.
3. A former partner of the Company’s existing auditing firm is prohibited from acting as a member of the Committee for a period of 2 years from 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 later.
4. The chairman of the Committee shall be appointed by the Board and should be an INED.
5. Unless otherwise appointed by the Committee, the company secretary of the Company shall be the secretary of meetings of the Committee (the “Secretary”) who shall keep full minutes of the Committee meetings. Draft and final versions of the minutes of the Committee meetings should be circulated to all members of the Committee for their comment and records within a reasonable time after the meeting. All minutes shall record in sufficient details the matters considered, decisions reached or recommendations made and any concerns raised by any member including dissenting views.

* For identification purposes only

6. A representative of the external auditors shall normally attend meetings. However, at least once a year the Committee shall meet with the external and internal auditors without executive Board members present. The Committee may also request other relevant personnel of the Company to attend meetings.

FREQUENCY OF MEETING

7. Meetings shall be held not less than 2 times a year. The external auditors may request a meeting if they consider that one is necessary.

PROCEEDING OF MEETING

8. Notice of any meetings has to be given at least 7 clear 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 meeting is not required if adjournment is less than 14 days.
9. A member of the Committee may and, on the request of a member of the Committee, the Secretary shall, at any time summon a meeting of the Committee. Notice shall be given to each member of the Committee orally in person or in writing or by telephone or facsimile transmission at the telephone or facsimile number(s) or address from time to time notified to the Secretary by such member of the Committee or by such other means as the members may from time to time determine. Any notice given orally shall be confirmed in writing.
10. Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the meeting.
11. Meetings may be held in person, by telephone or video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.

ANNUAL GENERAL MEETING

12. The chairman of the Committee or in his/her absence, another member of the Committee, shall attend the Company's annual general meeting and be prepared to respond to shareholders' questions on the Committee's activities and their responsibilities.

CIRCULATION OF MINUTES AND WRITTEN RESOLUTIONS

13. Full minutes of the Committee meetings should be kept by the Secretary. Draft and final versions of minutes of the Committee meetings should be sent to all members of the Committee members for their comment and records within a reasonable time after the meeting. The minutes shall be confirmed by the chairman of that particular meeting signing the same or confirmed by resolutions passed in the following Committee meeting or Board meeting. All directors of the Company shall, at any time, have access to the minutes of the Committee meetings.
14. The Secretary shall circulate the minutes of meetings and all written resolutions of the Committee to all members of the Board.
15. Written resolutions must be passed by all members of the Committee.

AUTHORITY

16. 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 made by the Committee.
17. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

DUTIES

18. The duties of the Committee shall be:

Relationship with external auditors

- (a) to consider and make recommendations to the Board on the appointment, reappointment and removal of external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal;
- (b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with generally accepted accounting principles in Hong Kong and the group accounting policies, to discuss with the external auditors before the audit commences, the nature and scope of the audit and reporting obligations, and ensure co-ordination where more than one audit firm is involved;
- (c) to develop and implement policy on engaging external auditors (which 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 knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally) to supply non-audit services, to report to the Board, identify and make recommendations on any matters where action or improvement is needed;

Review of financial information

- (d) to monitor integrity of the Company's financial statements and annual report and accounts, interim report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, to focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- (e) in conducting the review described in (d) above, members of the Committee must:
 - (i) liaise with the Board and senior management and meet with the external auditors at least twice a year. However, at least once a year the Committee shall meet with the external auditors in the absence of the executive Directors; and
 - (ii) 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 or auditors;

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

- (f) 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;
- (g) 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;

- (h) to review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and the management's response;
- (i) to review the Company's statement on risk management and internal control systems (where one is included in the annual report) prior to endorsement by the Board;
- (j) to review and monitor the effectiveness of the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- (k) 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;
- (l) to review the financial and accounting policies and practices of the Company and its subsidiaries (the "Group");
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- (n) to report to the Board on the matters set out in paragraph C.3.3 of the Corporate Governance Code (Appendix 14 to the Listing Rules) (as amended from time to time);
- (o) where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, to prepare a statement explaining its recommendation and also the reason(s) why the Board has taken a different view for inclusion in the Corporate Governance Report;
- (p) 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. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow up action;
- (q) to consider other topics, as defined by the Board;

Oversight of the selection of subcontractors for printing services

- (r) to review the Group's selection process of subcontractors for printing services and ensure no involvement or influence by the connected person of the Group;
- (s) to discuss with the management the risk management and internal control systems for the selection of subcontractors;
- (t) to review and monitor the effectiveness of the process and risk management and internal control systems;
- (u) to investigate any deficiency of the process and risk management and internal control systems; and
- (v) to report to the Board the investigation and result in a timely manner.

APPROVAL

19. The Committee was established pursuant to a resolution passed by the Board at a meeting held on 25 June 2008 and its terms of reference were revised by the Board at a meeting held on 30 March 2012, 9 December 2015 and 31 December 2018.

PUBLICATION OF THE TERMS OF REFERENCE

20. The Committee shall make available its terms of reference, explaining its role and the authority delegated to it by the Board, on the websites of Hong Kong Exchanges and Clearing Limited and the Company.