



Tsit Wing International Holdings Limited
捷榮國際控股有限公司*

(Incorporated under the laws of Bermuda with limited liability)

(Stock Code: 2119)

(the “**Company**”, together with its subsidiaries the “**Group**”)

TERMS OF REFERENCE
OF
THE AUDIT COMMITTEE
(the “Committee”)

Constitution

1. The Committee is established pursuant to a resolution passed by the board of directors (the “**Directors**”, each a “**Director**”) of the Company (the “**Board**”) on 15 December 2017.

Membership

2. The Committee shall be appointed by the Board from amongst the non-executive Directors and shall consist of not less than three members, at least one of whom shall be an independent non-executive Director 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**”).
3. The majority of the members of the Committee shall be independent non-executive Directors.
4. The chairman of the Committee (the “**Chairman**”) shall be appointed by the Board and shall be an independent non-executive Director. In the absence of the Chairman, the remaining members present shall elect one of themselves to chair the meeting.
5. The appointment of the members of the Committee may be revoked and new members can be appointed in their stead by resolutions passed by the Board.
6. No alternate member of any member of the Committee can be appointed.

* *For identification purposes only*

7. 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 commencing on the date of his ceasing to be a partner of the firm or to have any financial interest in the firm, whichever is the later.
8. If a member resigns, ceases to be a Director or for any other reason ceases to be a member of the Committee resulting in the number of members to fall below the minimum, the Board shall, within three months of that event, appoint such number of new members as may be required to make up the minimum.

Attendance at meetings

9. The group chief financial officer of the Company (or any officer(s) assuming the relevant functions but having a different designation) and a representative of the external auditor of the Company shall normally attend meetings of the Committee. Other members of the Board may be invited to attend a particular meeting in order to answer specific points or concerns of the Committee. Where an internal audit function exists, the head of internal audit should normally attend meetings.
10. The company secretary of the Company shall be the secretary of the Committee (the "**Secretary**"). In the absence of the Secretary, the members present shall elect one of themselves or appoint another person as the secretary for that meeting.

Frequency and proceedings of meetings

11. Meetings shall be held not less than twice a year. Additional meetings should be held as and when the work of the Committee demands.
12. The Chairman may convene additional meetings at his discretion.
13. The external auditor of the Company may request a meeting with the Committee if it considers it necessary.
14. No business shall be transacted at any meeting of the Committee unless a quorum is present. The quorum of a meeting shall be two members of the Committee (at least one of whom should be an independent non-executive Director).
15. Proceedings of meetings of the Committee shall be governed by the relevant provisions of the bye-laws of association of the Company (as amended from time to time) (the "**Bye-Laws**") .
16. The Secretary shall cause full minutes to be made for all meetings of the Committee. Such minutes shall include sufficient details of the meetings including the attendances thereat, all business transacted, all resolutions passed and all orders made at such meetings. Any such minutes of any meeting, if purporting to be signed

by the chairman of such meeting or by the chairman of the next succeeding meeting of the Committee, shall be sufficient evidence without any further proof of the facts therein stated.

17. Only members of the Committee have the right to attend the Committee meetings. Other persons including but not limited to any Director, management, external advisors or consultants may be invited by the Committee to attend for all or part of any meeting as and when appropriate.
18. Meetings of the Committee may be held either in person or through electronic means of communication or in such other manner as the members may agree.
19. Questions arising at any meeting shall be determined by a majority of votes of the members of the Committee present. Each member of the Committee shall have one vote. In the case of any equality of votes, the chairman of the meeting shall have an additional or casting vote.
20. A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee. Any such resolution may be contained in a single document or may consist of several documents in like form each signed by one or more of the members of the Committee.
21. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant member of the Committee shall not be counted towards the quorum and he/she must abstain from voting on any resolution of the Committee in which he/she and/or his/her close associates (as defined under the Listing Rules) have a material interest.
22. Save as otherwise provided herein expressly, proceedings of meetings of the Committee shall be governed by the provisions of the Bye-Laws for regulating the proceedings of meetings of the Board *mutatis mutandis*.

Authority

23. The authorities of the Committee shall include such authorities set out in the relevant code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) as contained in Appendix 14 of the Listing Rules (as amended from time to time).
24. The Committee is granted the authority to investigate any activity within these terms of reference and to direct all employees to cooperate as requested by members of the Committee.
25. The Committee is authorised by the Board to obtain external legal or other independent professional advice if required by the Committee and to invite the attendance of outsiders with relevant experience and expertise if it considers necessary.

26. The Committee shall report to the Board on any suspected fraud and irregularities, failures of risk management and internal control or suspected breaches of laws, rules and regulations which come to its attention in relation to the matters set out in these terms of reference and which are of sufficient importance to warrant the attention of the Board.
27. The Committee is to be provided with sufficient resources to discharge its duties.

Notice of meetings

28. A meeting of the Committee may be convened by the Secretary at the request of any of its members or at the request of the Company's internal (where an internal audit function exists) or external auditor.
29. Unless otherwise agreed by all the members of the Committee, notice of each meeting stating the time, date and place of the meeting shall be given to each member of the Committee and any other person invited to attend:
 - (a) in relation to all regular meetings of the Committee, at least seven days prior to the date of the meeting; and
 - (b) in relation to all other meetings of the Committee, within a reasonable time prior to the date of the meeting.
30. The agenda and any supporting documents and papers shall be forwarded to each member of the Committee and any other person invited to attend at least three days prior to the date of the meeting (or such other period as the members may agree).

Responsibility

31. The Committee is to serve as a focal point for communication between other Directors, the external and internal auditors (where an internal audit function exists) of the Company as regards their duties relating to financial and other reporting, risk management and internal controls, external and internal audits and such other financial and accounting matters as the Board determines from time to time.
32. The Committee is to assist the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time.

Duties, powers and functions

33. The duties and functions of the Committee shall include such duties and functions set out in the relevant code provisions of the Corporate Governance Code. Without prejudice to the foregoing, the Committee shall:
- (a) act as the key representative body for overseeing the Company's relations with the external auditor and 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;
 - (b) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
 - (c) 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 Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
 - (d) monitor integrity of the Company's financial statements and annual report and accounts, half-year 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, the Committee should focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from 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) regarding (d) above, (i) liaise with the Board, senior management of the Company and the Committee must meet, at least twice a year, with the Company's external auditor and (ii) the Committee should 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 external auditor;
- (f) 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 external auditor and compliance officer (if any);
- (g) 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;
- (h) 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) 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) 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;
- (k) review the Group's financial and accounting policies and practices;
- (l) 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) ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (n) be familiar, through the individual efforts of its members, with the financial reporting principles and practices applied by the Group in preparing its financial statements;
- (o) review annually the external auditor's fees which have been negotiated with management of the Company;

- (p) ensure that an external auditor's provision of non-audit services does not impair its independence or objectivity;
- (q) review and consider the budget or revised budget of the Company prepared by the Board;
- (r) evaluate the level of cooperation provided by the Company to the external auditor, including its access to all requested records, data and information; obtain comments from management of the Company regarding the responsiveness of the external auditor to the Group's needs; make enquiries with the external auditor as to whether there has been any disagreements with management of the Company which if not satisfactorily resolved would result in the issue of a qualified report on the Group's financial statements;
- (s) when the external auditor supplies a substantial volume of non-audit services to the Group, to keep the nature and extent of such services under review, and to ensure balance the maintenance of objectivity and value for money;
- (t) recommend to the Board any appropriate extensions to, or changes, in the duties of the Committee;
- (u) meet with the external and internal (where an internal audit function exists) auditors of the Company, at least annually, in the absence of the management of the Company, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the external and/or internal auditors may wish to raise;
- (v) 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;
- (w) establish a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns in confidence, with the Committee about possible improprieties in any matter related to the Company;
- (x) consider other topics, as defined or assigned by the Board from time to time; and
- (y) report to the Board on the matters in this paragraph 33.

Reporting procedures

34. The Committee should report to the Board on a regular basis on its decisions or recommendations unless there are legal or regulatory restrictions on its ability to do so (such as restriction on disclosure due to regulatory requirements).

35. Full minutes of the meetings of the Committee shall be kept by the Secretary, who shall send draft and final versions of minutes of meetings and all written resolutions of the Committee to all members of the Committee for their comment and record respectively, in both cases within a reasonable time after the meeting.
36. At the next meeting of the Board following a meeting of the Committee, the Chairman shall report to the Board on the findings, decisions and/or recommendations of the Committee. At least once annually, the Committee should present a report in writing to the Board which addresses the work and findings of the Committee during the year.

Audit Committee report

37. The work of the Committee during each financial year shall be summarised and included in the corporate governance report which constitutes part of the annual report of the Company.
38. Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Committee will arrange for the corporate governance report in the annual report to include an explanation of the Committee's view and the reasons why the Board has taken a different view.

Annual general meeting

39. The Chairman or in his absence, another member of the 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 Committee's work and its responsibilities.

Amendment

40. Subject to the compliance with the Bye-Laws and the Listing Rules, any amendment to these terms of reference shall be authorised by the Board.

Publication

41. The 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.

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