



# GOLDEN WHEEL TIANDI HOLDINGS COMPANY LIMITED

金輪天地控股有限公司

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

(Stock Code: 1232)

## Terms of Reference of the Audit Committee

*(Amended and adopted by the board of directors of the Company on 20 November 2015)*

### Constitution

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

### Membership

2. The Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three members, at least one is an independent non-executive director of the Company with appropriate professional qualifications or accounting or related financial management expertise as required under of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and a majority of whom should be independent non-executive directors of the Company.
3. Each appointment to the Committee shall be for a period of up to 3 years.

### Chairman

4. The chairman of the Committee (the “**Chairman**”) shall be appointed by the Board and should be an independent non-executive director.
5. The Chairman shall chair the meetings of the Committee.
6. In the absence of the Chairman, the remaining members present shall elect one of themselves to chair the meetings of the Committee.
7. The Chairman shall attend the annual general meeting of the Company and be prepared to respond to any question from the shareholders on the Committee's activities.

### Secretary

8. The Company secretary shall be the secretary of the Committee (the “**Secretary**”).
9. The Secretary or his/her delegate shall attend meetings of the Committee to take minutes.
10. In the absence of the Secretary, the members present at the meeting shall elect another person as the Secretary.

### Authority

11. The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
12. 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 this necessary.

### Duties

13. The duties of the Committee shall be:

#### Relationship with the Company’s auditors

- (a) to be primarily responsible for making recommendation 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) to review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) 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 Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

#### Review of the Company's financial information

- (d) to 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 judgments 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) members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditors; 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 auditors;

#### Oversight of the Company's 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 and 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 programs and budget of the Company's accounting and financial reporting function;
- (h) 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;
- (i) 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;
- (j) to review the group's financial and accounting policies and practices;
- (k) 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;
- (l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (m) to report to the Board on the matters in these terms of reference;
- (n) to consider other topics, as defined by the Board;
- (o) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management and 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; and
- (p) to act as the key representative body for overseeing the Company's relations with the external auditor.

### Quorum

14. A quorum necessary for the transactions of business shall be two members.
15. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflict 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 associates have a material interest.
16. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### Frequency of meetings

17. Meetings shall be held not less than twice a year. The Committee must hold one meeting prior to each of the meetings of the Board at which the annual financial report and interim financial report of the Company will be considered and if thought fit, approved, respectively.
18. The external auditors or any members of the Committee may request a meeting if they consider that one is necessary.

### Attendance at meetings

19. Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication.
20. Should any member of the Committee wish to attend a meeting through electronic communications, prior arrangements shall be made with the Secretary.
21. The chief financial officer, the head of internal audit (where an internal audit function exists), and 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.

### Notices of Meetings

22. Meetings of the Committee shall be summoned by the Secretary at the request of any of its members.

23. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and to any other person required to attend:
- (a) in relation to all regular meetings of the Committee, at least 7 days before 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.

Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

24. Any member of the Committee shall be entitled, by notice to the Secretary, to include other matters relevant to the functions of the Committee in the agenda of a meeting of the Committee.

#### Minutes of Meetings

25. The Secretary (or his/her delegate) in attendance at the meetings of the Committee shall minute in sufficient detail the proceedings and resolutions of all such meetings, including the names of those present and in attendance. The minutes should also include any concerns raised by any member of the Committee and/or dissenting views expressed.
26. Draft and final versions of minutes of the Committee meetings shall be sent to all Committee members for their comments and records respectively, in both cases within a reasonable time after the meeting. Once they are agreed, the Secretary shall circulate the minutes and reports of the Committee to all members of the Committee and to all members of the Board.
27. Minutes of the Committee meetings shall be kept by the Secretary and shall be available for inspection by any member of the Committee or other members of the Board at any reasonable time on reasonable notice.

#### Reporting Responsibilities

28. The Chairman of the Committee shall report formally to the Board on proceedings after each meeting on all matters within its duties and responsibilities.
29. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its authority where action or improvement is needed.

## Others

30. The Committee shall have access to sufficient resources in order to perform its duties. In the event that the Committee determines that it has insufficient resources, it may make a request for additional resources to the Chairman. If the request for additional resources is denied, the Committee may, if it chooses, make a request to the Board through the Secretary. The Board shall convene a Board meeting as soon as reasonably practicable to consider the request.
31. All members of the Committee shall have access to the advice and services of the Secretary with a view to ensuring that procedures of the Committee and all applicable rules and regulations are followed.
32. In the event that the Committee or any member of the Committee requires access to independent professional advice in connection with its/his/her duties, a request may be made to the Secretary. All such requests shall be processed in accordance with the Company's pre-defined procedures for seeking independent professional advice at the Company's expense.
33. At the expense of the Company, every newly appointed member of the Committee shall be given a comprehensive, formal and tailored induction on the first occasion of his/her appointment, and subsequently such briefing and professional development as is necessary, to ensure that he/she has a proper understanding of the operations and business of the Company and that he/she is fully aware of his/her responsibilities as a member of the Committee.
34. Every member of the Committee shall give sufficient time and attention to his/her duties as a member of the Committee. He/she shall give the Company the benefit of his skills and expertise through regular attendance and active participation.
35. The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
36. The Chairman of the Committee, or in the absence of the Chairman, another member of the Committee or failing this duly appointed delegate, to be available to answer questions at the annual general meeting of the Company.

*(The English text of these Terms of Reference shall prevail over the Chinese text in case of any inconsistency.)*