



Vinda International Holdings Limited

維達國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3331)

(the “Company”)

AUDIT COMMITTEE TERMS OF REFERENCE

1. MEMBERSHIP

1.1 Members of the audit committee of the Company (the “**Audit Committee**”) shall be appointed by the board of directors of the Company (the “**Board**”) from amongst the non-executive directors of the Company, a majority of whom shall be independent non-executive directors of the Company. The Audit Committee shall comprise a minimum of three members, at least one of whom is an independent non-executive director of the Company 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 the Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

1.2 A former partner of the Company’s existing auditing firm should be prohibited from acting as a member of the Audit Committee for a period of two 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.

- 1.3 The chairman of the Audit Committee shall be appointed by the Board and must be an independent non-executive director of the Company.
- 1.4 The appointment of the members and the secretary of the Audit Committee may be revoked, or additional members may be appointed to the Audit Committee by separate resolutions passed by the Board.
- 1.5 A member of the Audit Committee departing from the Company or ceasing to be a director of the Company shall upon such cessation immediately and automatically cease to be a member of the Audit Committee.

2. SECRETARY

The company secretary of the Company shall be the secretary of the Audit Committee (the “**Secretary**”).

3. FREQUENCY OF MEETINGS

Meetings of the Audit Committee shall be held at least three times every year to consider, among other things, the Company’s financial statements, quarterly, half-yearly and annual report. The external auditor may request the Chairman of the Audit Committee to convene a meeting, if they consider that one is necessary.

4. NOTICE OF MEETINGS

- 4.1 Unless otherwise agreed by all the Audit Committee members, a meeting of the Audit Committee shall be called with at least three days’ prior notice specifying the date, time and venue/method of the meeting.
- 4.2 A member of the Audit Committee may at any time request the Secretary to summon a meeting of the Audit Committee. Notice shall be given to each member of the Audit Committee orally in person or in writing or by telephone or by facsimile or electronic transmission at the telephone number or facsimile number or address or e-mail address from time to time notified to the Secretary by such member of the Audit Committee or by such other means as the members may from time to time determine. Any notice given orally shall be confirmed in writing.

- 4.3 Audit Committee meetings shall be convened by the Secretary.
- 4.4 Unless waived by all members of the Audit Committee, an agenda of the matters to be discussed shall be sent to each member of the Audit Committee at least three days before the date of the meeting. Meeting documents including such meeting agenda shall be sent to the members of the Audit Committee and other appropriate attendees at the same time.

5. PROCEEDINGS OF MEETINGS

- 5.1 The quorum of an Audit Committee meeting shall be two members of the Audit Committee. A meeting chairman should be elected if the Audit Committee chairman cannot attend the meeting.
- 5.2 Members of the Audit Committee may participate in a meeting of the Audit Committee by means of a conference telephone or other communications equipment through which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.
- 5.3 The Chief Financial Officer, the Head of Internal Audit (or any officer(s) assuming the relevant functions but having a different designation) and a representative of the external auditors shall normally attend meetings of the Audit Committee. The executive directors of the Company shall also have the right of attendance but they shall not be counted towards the quorum and are not entitled to vote at such meetings.
- 5.4 Resolutions proposed at any Audit Committee meeting shall be passed by the majority of the members present at the meeting. In the case of an equality of votes, chairman of the Audit Committee shall have the casting vote.

6. WRITTEN RESOLUTIONS

Subject to the Listing Rules and the articles of association of the Company, resolutions of the Audit Committee may be passed by all members of the Audit Committee in writing.

7. AUTHORITY

The Audit Committee may exercise the following powers:

- (a) to seek any information it requires from any employee of the Company and its subsidiaries (collectively, the “**Group**”) and any professional advisers (including auditors), to require any of them to prepare and submit reports and to attend meetings of the Audit Committee and to supply information and answer questions raised by the Audit Committee;
- (b) to monitor whether the Group’s management has, in the performance of its duties, infringed any policies set by the Board or any applicable law, regulation and code (including the Listing Rules and other rules and regulations from time to time laid down by the Board or a committee thereof);
- (c) to investigate all suspected fraudulent acts involving the Group and request management to make investigation and submit reports;
- (d) to review the Group’s internal control procedures and system;
- (e) to review the performance of the Group’s employees in the accounting and internal audit department;
- (f) to make recommendations to the Board for the improvement of the Group’s internal control procedures and system;
- (g) to request the Board to convene a shareholders’ meeting for the purposes of revoking the appointment of any director and to dismiss any employee if there is evidence showing that the relevant director and/or employee has failed to discharge his/her duties properly;
- (h) to request the Board to take all necessary actions, including convening a special general meeting, to replace and dismiss the auditors of the Group; and
- (i) to obtain outside legal or other independent professional advice and to secure the attendance of independent third parties with relevant experience and expertise, if it considers this necessary.

8. RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Audit Committee shall be:

A. Relationship with the Company's auditors

- (a) 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;
- (b) to review and monitor the independence and objectivity of the external auditor. The Audit Committee shall:
 - (i) consider the relationship between the Company and/or the directors of the Company and the external auditors; and
 - (ii) meet with the external auditor, at least twice a year, in the absence of management of the Company, to discuss matters relating to the audit fees, any issues arising from the audit and any other matters the external auditors or the Audit Committee may wish to raise.
- (c) to review and monitor the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
- (d) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditors" 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 as part of the audit firm nationally or internationally. The Audit Committee shall report to the Board, identifying and making recommendations on any matters where action or improvement is needed; and
- (e) to review the external auditor's management letter and management's response.

B. Review of financial information of the Company

- (a) to monitor integrity of financial statements of the Company and the Company's 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 Audit Committee should 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 assumption and any qualifications;
 - (v) compliance with accounting standards;
 - (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;
 - (vii) the fairness and reasonableness of any connected transaction and the impact of such transaction on the profitability of the Group;
 - (viii) whether all relevant items have been adequately disclosed in the Group's financial statements and whether the disclosure gives a true and fair view of the Group's financial conditions; and
 - (ix) the cashflow position of the Group;
- (b) with regard to the duties set out in paragraph 8.B(a) above, members of the Audit Committee should liaise with the Board, senior management and the person appointed as the qualified accountant of the Company, and to meet, at least twice a year, with the external auditors; and

- (c) with regard to the duties set out in paragraph 8.B(a) above, to consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts, and must give due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer or auditors;

C. Oversight of the Company's financial reporting system, risk management and internal control procedures

- (a) to review the Company's financial controls, risk management and internal control systems;
- (b) to discuss the risk management and internal control systems with management and 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. The Audit Committee should also oversee management in the monitoring of the risk management and internal control systems on an ongoing basis, and ensure that a review of the effectiveness is conducted at least annually;
- (c) to consider any major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's responses to these findings;
- (d) to review risk management policies and guidelines as advised by the Risk Management Committee of the Company and make recommendations to the Board;
- (e) to review internal control policies and guidelines and make recommendations to the Board;
- (f) 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;

- (g) to review reports from internal auditor and set internal audit plan;
- (h) to review the Group's financial and accounting policies and practices;
- (i) to 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; and
- (j) to ensure the Board will provide a timely response to the issues raised in the external auditor's management letter;

D. Other duties

- (a) to report to the Board on the matters set out in the Code Provisions under section C.3 of Appendix 14 to the Listing Rules;
- (b) to consider other topics, as defined by the Board from time to time;
- (c) to conduct exit interviews with any director, manager, Chief Financial Officer or internal control manager upon his resignation in order to ascertain the reasons for his departure;
- (d) to consider the Board's recommendation of the appointment of any person to be an Audit Committee member, a company secretary, auditors and accounting staff either to fill a casual vacancy or as an additional Audit Committee member, company secretary, auditors and accounting staff or the Board's recommendation for the dismissal of any of them;
- (e) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (f) to act as the key representative body for overseeing the Company's relations with the external auditor;

- (g) to report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements);
- (h) to do such things to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or applicable law; and
- (j) to make available its terms of reference explaining its role and the authority delegated to it by the Board by including them on the website of The Stock Exchange of Hong Kong Limited and the Company's website. The terms of reference of the Audit Committee should be provided upon request and the role and function of the Audit Committee shall be explained in the corporate governance report of the Company.

9. MINUTES OF MEETINGS

- 9.1 The Secretary shall record all proceedings and resolutions of all meetings of the Audit Committee, including the names of those attended and present, in the minutes of the meetings, prepare and keep full minutes recording in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed.
- 9.2 The Secretary shall circulate the draft and final versions of minutes of meetings and all written resolutions of the Audit Committee to all members of the Audit Committee for their comment and records within reasonable time after the meeting or the passing of the written resolutions.

10. CONTINUING APPLICATION OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and not inconsistent with the provisions of these Terms of Reference shall apply to regulate the meetings and proceedings of the Audit Committee.

11. POWERS OF THE BOARD

The Board may, subject to compliance with the articles of association of the Company and the Listing Rules, amend, supplement and revoke these Terms of Reference and/or any resolution passed by the Audit Committee provided that no amendments to or revocation of these Terms of Reference and/or any resolution passed by the Audit Committee shall invalidate any prior act and resolution of the Audit Committee which would have been valid if these Terms of Reference or resolution had not been amended or revoked.

12. GENERAL

The Audit Committee shall have the discretion to, as it deems reasonable and in the interest of the Company, do such things and exercise such powers granted to it in accordance with any rule, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or any applicable law.

13. VETO RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee has the following veto rights. The Group cannot implement any of the following matters which have been vetoed by the Audit Committee: (a) to approve any connected transaction within the meaning of the Listing Rules which requires an independent shareholders' approval (unless the approval of such connected transaction is made conditional on the obtaining of the approval of the independent non-executive directors and the independent shareholders); and (b) to employ or dismiss the Company's Chief Financial Officer or the internal audit manager.

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

Revised on 31 December 2018