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## Noble Century Investment Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

### **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

(Updated on 21 December 2018)

#### **Definitions**

1. For the purposes of these terms of reference (the *Terms*):

*Audit Committee* means the audit committee established by resolution of the Board in accordance with clause 2 of these Terms.

*Board* means the board of directors of the Company.

*Chief Financial Officer* means the senior officer of the Company responsible for financial management as appointed by the Board from time to time.

*Code* means Corporate Governance Code of the Listing Rules.

*Company* means Noble Century Investment Holdings Limited.

*Company Secretary* means the company secretary of the Company.

*Directors* mean the members of the Board.

*Group* means the Company and its subsidiaries and associated companies at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and associated companies, the present subsidiaries and associated companies of the Company or the businesses operated by its present subsidiaries and associated companies or (as the case may be) its predecessor.

*Listing Rules* mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

*Senior Management* means the chairman, chief executive, vice chairman, chief operating officer, chief financial officer, company secretary and any other officer of the Group determined by the Board from time to time as senior management of the Company.

*Shareholders* mean the shareholders of the Company.

*Stock Exchange* means The Stock Exchange of Hong Kong Limited.

### **Constitution**

2. The Board has resolved to establish a committee of the Board to be known as the Audit Committee.

### **Membership**

3. The members of the Audit Committee shall be appointed by the Board from among the non-executive Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors and 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 by the Listing Rules. The quorum for meetings of the Audit Committee shall be two members.
4. A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of two year 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.
5. The chairman of the Audit Committee shall be appointed by the Board and shall be an independent non-executive Director.

### **Secretary**

6. The Company Secretary shall be the secretary of the Committee. The secretary shall circulate the minutes of meetings of the Committee to all members of the Committee.

### **Attendance at meetings**

7. The Chief Financial Officer of the Company, the Head of Internal Audit and a representative of the external auditors shall normally attend meetings of the Audit Committee. Other Board members shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditor without Executive Board members present.

### **Frequency and conduct of meetings**

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

9. A quorum for a meeting shall be two members. Proceeding of meeting shall be governed by the provision of bye-laws of the Company.
10. An agenda and accompanying board papers should be sent in full to all members of the Audit Committee in a timely manner and at least 3 days before the intended date of a meeting of the Audit Committee (or such other period as agreed by its members).
11. Senior Management is obliged to supply the Audit Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a Director requires more information than is volunteered by Senior Management, the relevant Director should make additional necessary enquiries. The Board and each Director shall have separate and independent access to the Senior Management.
12. Where necessary, the Committee shall seek independent professional advice, at the Company's expense, to perform its responsibilities.

#### **Annual General Meetings**

13. The chairman of the Audit Committee shall attend the Company's annual general meetings and be prepared to respond to any Shareholder's questions on the Audit Committee's activities.

#### **Authority**

14. The Audit Committee is authorised by the Board to investigate any activity within these Terms. 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 Audit Committee.
15. The Audit Committee is authorised by the Board to obtain outside independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Audit Committee shall be provided with sufficient resources to discharge its duties. The Audit Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external party who advises the Audit Committee.

## **Duties**

16. The duties of the Audit Committee shall include:

### *Relationship with the Group's auditors*

- a) being 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 to consider any questions of resignation or dismissal of that auditor;
- b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- c) developing and implementing policy on the engagement of an external auditor to supply non-audit services and reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- d) discussing with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- e) discussing problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of Senior Management where necessary);

### *Review of financial information of the Group*

- f) monitoring integrity of the Group's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee shall 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 any requirements from the Stock Exchange and other legal requirements in relation to financial reporting;

- g) in respect of (f) above:-
  - i. liaising with the Board and Senior Management;
  - ii. meeting, at least twice a year, with the Group's auditors; and
  - iii. considering any significant or unusual items that are, or may need to be, reflected in such financial statements, reports and accounts and giving due consideration to any matters that have been raised by the Group's qualified accountant, compliance officer or auditors;

*Oversight of the Group's financial reporting system and internal control procedures*

- h) reviewing the Group's financial controls, internal control and risk management systems;
- i) discussing with Senior Management any matters in relation to the Group's internal control system and risk management to ensure that Senior Management has discharged its duties in establishing and maintaining an effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmers and budget of the Group's internal audit and accounting and financial reporting functions;
- j) to review and assess the annual internal audit plan of the Group;
- k) to review all reports from the internal auditor, to considering major investigation findings on internal control matters as delegated by the Board or on its own initiative and Senior Management's response to these findings and recommendations of the internal auditor;
- l) where an internal audit function exists, ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing and monitoring the effectiveness of the internal audit function;
- m) reviewing the Group's financial and accounting policies and practices;
- n) reviewing the external auditor's management letter, any material queries raised by the external auditor to Senior Management in respect of the accounting records, financial accounts or systems of control and Senior Management's response;
- o) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;

- p) reviewing arrangements by which employees of the Group may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters and ensuring that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;
- q) considering any other topics, as defined by the Board.

#### Corporate Governance Functions

- r) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;
- s) reviewing and monitoring the training and continuous professional development of Directors and Senior Management;
- t) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- u) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- v) reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report (as set out in Appendix 14 of the Listing Rules).

#### **Disagreement as to external auditors**

17. In the event the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Audit Committee shall provide a statement explaining its recommendations to the Company for inclusion in the Corporate Governance Report issued by the Company in accordance with the Listing Rules.

#### **Reporting procedures**

18. Full minutes of the Audit Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.

Minutes of meetings of the Audit Committee shall record in sufficient detail the matters considered by the Audit Committee and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Audit Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.

19. Without prejudice to the generality of the duties of the Audit Committee set out in these Terms, the Audit 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.

**Terms available**

20. The Audit Committee shall make available these Terms on request and by inclusion on the Stock Exchange's website and the Company's website, thereby explaining its role and the authority delegated to it by the Board.