

GOLDIN FINANCIAL HOLDINGS LIMITED
(the “Company”)

Terms of Reference
of
Audit Committee

The Audit Committee was established on 27th September, 2004 pursuant to the Corporate Governance Code of the Listing Rules.

These Terms of Reference were adopted by a resolution of the board of directors of the Company (“the Board”) passed in accordance with the Company Constitution on 27th February 2012, and as revised on 29th February, 2016.

1. Membership

- 1.1 The Audit Committee shall be appointed by the Board and must consist of not less than three members.
- 1.2 Membership shall be confined to non-executive directors the majority of whom must be independent non-executive directors (“INED(s)”) and at least one INED with appropriate professional qualifications or accounting or related financial management expertise.
- 1.3 The chairman of the Audit Committee shall be appointed by the Board and must be an INED.
- 1.4 In the event that the Audit Committee comprises also non-executive director(s), a non-executive director, who is 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 one year commencing on the date of his/her ceasing (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is the later.

2. Secretary

- 2.1 The Company Secretary of the Company shall be the Secretary of the Audit Committee.
- 2.2. The Audit Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary of the Audit Committee.

3. Meetings

- 3.1 The Audit Committee shall meet at least twice each year and may be convened by the secretary of Audit Committee on request of a member or by any member. The Company’s external auditors may request a meeting be held if they consider it necessary.
- 3.2 Notice of any meetings has to be given at least 14 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 meetings is not required if adjournment is for less than 14 days.

- 3.3 The quorum for decisions of the Audit Committee shall be any two members and one of whom must be an INED.
- 3.4 Meetings could be held in person or by telephone. 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.
- 3.5 Resolutions of the Audit Committee shall be passed by a majority of votes.
- 3.6 A resolution in writing signed by all the members of the Audit Committee shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.
- 3.7 Full minutes shall be kept by the secretary of the Audit Committee. Draft and final versions of minutes shall be circulated to all members for their comment and records respectively, in both cases within a reasonable period of time after the meeting. Such minutes shall be open for directors' inspection.

4. Attendance at Meetings

- 4.1 At least twice a year, representatives of the Company's external auditors will meet the Audit Committee without any executive directors being present, except by invitation of the Audit Committee.
- 4.2 At the invitation of the Audit Committee, the other members of the Board, Chief Financial Officer, and other persons may be invited to attend all or part of any meeting.
- 4.3 Only members of the Audit Committee are entitled to vote at the meetings.

5. Annual General Meeting

- 5.1 The Chairman of the Audit Committee or in his/her absence, another member (who must be an INED) of the Audit Committee, shall attend the Company's annual general meeting and be prepared to respond to shareholders' questions on the Audit Committee's activities and their responsibilities.

6. Powers and Responsibilities

The responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's relationship with the external auditors, the Company's financial information, financial reporting system, risk management and internal control systems. The Audit Committee shall have the following powers and responsibilities:

Relationship with the Company's External Auditors

- 6.1 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;
- 6.2 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 6.3 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 Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed; and
- 6.4 to act as the key representative body for overseeing the Company's relations with the external auditor, identify any matters in respect of which it considers that action or improvement is needed and make recommendations to the Board as to the steps to be taken;

Review of financial information of the Company

- 6.5 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 Audit Committee should focus particularly on:
 - (a) any changes in accounting policies and practices;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from audit;
 - (d) the going concern assumptions and any qualifications;
 - (e) compliance with accounting standards; and
 - (f) compliance with the Listing Rules and legal requirements in relation to financial reporting;

6.6 regarding 6.5 above:

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

- 6.7 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;
- 6.8 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;
- 6.9 to 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;
- 6.10 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;
- 6.11 to review the group's financial and accounting policies and practices;
- 6.12 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;
- 6.13 to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- 6.14 to report to the Board on the matters set out in this paragraph 6 (Powers and Responsibilities);
- 6.15 to consider other topics, as defined by the Board; and

6.16 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 Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

7. Reporting Responsibilities

7.1 The Audit Committee shall report to the Board after each meeting.

8. Authority

8.1 The Audit Committee is authorised by the Board to inspect all accounts, books and records of the Company.

8.2 The Audit Committee shall have the right to require the Company's management to furnish information on any matter relating to the financial position of the Company, its subsidiaries or affiliates, as may be required for the purposes of discharging its duties.

8.3 A director as a member of the Audit Committee may seek independent professional advice in appropriate circumstances at the Company's expense to discharge his/her duties as a member of the Audit Committee to the Company. Arrangement to seek independent professional advice could be made through the company secretary of the Company or the secretary of the Audit Committee.

8.4 The secretary of Audit Committee, or such person as the secretary of the Audit Committee shall direct, shall minute the proceeding and resolution of all Audit Committee meetings, including the names of those present and in attendance.

8.5 The Audit Committee shall be provided with sufficient resources to discharge its duties.

Note 1: "senior management" refers to the same persons referred to in the Company's annual report and required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules.

Note 2: This document has been written in the Chinese and English language and, in the event of any conflict between the languages and any translation of this document, the English language version will prevail.