

# WORLD-LINK LOGISTICS (ASIA) HOLDING LIMITED

環宇物流(亞洲)控股有限公司

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

**(Stock Code: 6083)**

**(the “Company”)**

## AUDIT COMMITTEE — TERMS OF REFERENCE

(Adopted by a resolution of the Board passed on 16 December 2015 and revised by the Board with effect from 15 November 2017)

### MEMBERSHIP

1. Members of 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, the majority of which shall be independent non-executive directors. At least one of the members 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**”). If a member shall cease to assume the responsibilities of a director of the Company, that member shall automatically lose the qualifications as a Committee member and if this results in the number of Committee to fall below the minimum, the Board shall appoint a new member to complement the number of members in the Committee within 3 months.
2. A former partner of the Company’s existing auditing firm shall be prohibited from acting as a member of the Committee for a period of one 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 the later.
3. The Chairman of the Committee shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules.

## **FREQUENCY AND PROCEEDINGS OF MEETINGS**

4. Meetings of the Committee shall be called by its chairman or at the request of the Board. Unless otherwise agreed, notice of each meeting stating the venue, time and date, together with an agenda of items to be discussed, shall be issued to each member of the Committee and any other persons required to attend no few than five days prior to the date of meeting.
5. The Committee shall meet with the Company's auditor at least twice a year.
6. The quorum of a meeting of the Committee shall be two members, one of whom shall be an independent non-executive director of the Company. Any members of the Committee or other attendees may participate in a meeting of the Committee by attending in person or by means of a telephone conference or similar communication equipment by means of which all persons participating in the meeting are capable of hearing each other. 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.
7. With consent by all members of the Committee, resolutions of the Committee could be passed by written resolutions.
8. Any resolution shall be passed by the majority votes of the members of the Committee who attend the meeting and a majority vote of the members present shall represent an act of the Committee.
9. The Company Secretary or his nominee shall act as the Committee's Secretary.

## **DUTIES, POWERS AND FUNCTIONS**

10. The Committee shall:

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

- (a) make recommendations to the Board on the appointment, reappointment and/or 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) 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 before the audit commences, the nature and scope of the audit;
- (c) develop and implement policy on the engagement of an external auditor to supply non audit services. The Committee should report to the board, identifying and making recommendations on any matters where action or improvement is needed;

### **Review of financial information of the Company**

- (d) monitor the integrity of financial statements, annual report and accounts, and interim reports and quarterly reports (if any), and to review significant financial reporting judgments contained in them. In reviewing these reports and 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) In regard to (d) above:
  - (i) liaising with the Board, financial controller and the person appointed as the Company's external auditor and meeting, at least twice a year, with the Company's auditors; and
  - (ii) 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 Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditors;

## **Oversee of the Company's financial reporting, risk management, and internal control systems**

- (f) review the Company's financial controls, internal control and risk management systems;
- (g) discuss the risk management and internal control systems with the management to ensure that the management has performed its duties to have effective systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (h) consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to those findings;
- (i) where an internal audit function exists, ensuring co ordination between the internal and external auditors and further ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, reviewing and monitoring its effectiveness;
- (j) review the financial and accounting policies and practices of the Company;
- (k) review the external auditor's management letter, any material queries raised by the auditor to the senior management about accounting records, financial accounts or systems of control and the senior management's response;
- (l) ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (m) report to the Board on the matters set out in these terms of references;
- (n) review arrangements by which the employees of the Company can use to raise concerns, in confidence, about possible improprieties in financial reporting, internal control, risk management or other matters related to the Company, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow up action;
- (o) act as the key representative body for overseeing the Company's relation with its external auditor; and
- (p) consider other topics, as defined by the Board.

11. The Committee shall be provided with sufficient resources to enable it to perform its duties.

## **REPORTING PROCEDURES**

12. The secretary of the Committee shall, at the beginning of each meeting, ascertain and record 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 must abstain from voting on any resolution of the Committee in which he or any of his associates has a material interest, unless the exceptions set out in note 1 to Appendix 3 to the Listing Rules apply.
13. The Committee shall report its decisions or recommendations to the Board.
14. Full minutes of the meetings of the Committee should be kept by the secretary of the Company. Minutes shall record matters considered and decisions reached by the members of the Committee in details, including any doubt or disagreement raised by the members of the Committee. Draft and final versions of minutes of the Committee meetings should be sent to all members of the Committee for their comment and records respectively within a reasonable time after the meeting.
15. The secretary of the Company shall circulate the minutes of the meetings of the Committee to all members of the Board.

## **REVIEW OF TERMS**

16. The Audit Committee shall review these terms of references regularly, and may consider and submit to the Board any proposed changes that the Audit Committee deems appropriate or advisable.

*If there is any inconsistency between the English version and the Chinese version, the English version shall prevail.*