



SYNERGIS HOLDINGS LIMITED

昇捷控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 02340)

AUDIT COMMITTEE

TERMS OF REFERENCE

1. Constitution

- 1.1 The board of directors (the “Board”) of Synergis Holdings Limited (the “Company”) resolved on 19 September 2003 to establish a committee of the Board known as the audit committee (the “Committee”). The Board has revised the terms of reference in compliance with the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) as amended from time to time.

2. Objective and Role

- 2.1 The Committee is responsible to ensure the objectivity and credibility of financial reporting, and that in presenting results to the shareholders, the directors of the Company have exercised the care, diligence and skills prescribed by laws.
- 2.2 The Committee is responsible to ensure an effective system of internal controls of the Company is in place.
- 2.3 The Committee is responsible to maintain an appropriate relationship with the external auditor of the Company.

3. Membership

- 3.1 The members of the Committee shall be appointed by the Board and shall consist of non-executive directors of the Company only. The Committee must comprise a minimum of three members, at least one of whom is an independent non-executive director of the Company (“INED”) with appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. The majority of the Committee members must be INED of the Company.

3.2 The Chairman of the Committee shall be appointed by the Board and must be an INED.

3.3 A former partner of the Company's existing auditing firm should be prohibited from acting as a member of the Committee for a period of two years from 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 later.

4. Attendance at Meetings

4.1 The Committee may invite any appropriate person to attend meetings of the Committee as it considers appropriate, including the Group Chief Financial Officer, the directors of any companies of the Group, any members of the Internal Audit team, representative(s) of the external auditor of the Company and other Board members.

4.2 The secretary of the Company or his or her nominee shall be the secretary of the Committee.

5. Frequency of Meetings

5.1 Meetings shall be held at least twice a year and at such other times as the Committee determines to be appropriate to carry out its responsibilities. The external auditor may request a meeting if they consider that one is necessary. However, at least once a year the Committee shall meet with the external auditor without the presence of the executive Board members.

6. Authority

6.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. 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 Committee.

6.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance at meetings of the Committee of outside advisers with relevant experience and expertise if it considers this necessary.

6.3 The Committee shall have available appropriate funding from the Company, as requested by the Committee, for (i) remuneration of the external auditor; (ii) remuneration of any advisers employed by the Committee; and (iii) covering ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

7. Duties

7.1 The duties of the Committee shall be:

Relationship with the Company's auditor

- (a) to be primarily responsible for making recommendations to the Board the appointment, re-appointment 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 standards. The Committee should discuss with the external auditor of the Company 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, annual report and accounts, half-year report, and to review significant financial reporting judgements 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 auditor; 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 Group's Chief Financial Officer or auditor;

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

- (f) to review the Company's financial controls, internal control and risk management systems;
- (g) to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. 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;
- (h) to consider major investigations findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (i) 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 external auditor to management about accounting records, financial accounts or systems of control and management's response;
- (l) to ensure that the Board will provide timely response to the issues raised in the external auditor's management letter;
- (m) 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 Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (n) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (o) to report to the Board on the matters in this terms of reference; and
- (p) to consider other topics, as defined by the Board.

The above duties extend to the group and / or subsidiaries of the Company where applicable and / or necessary as required by applicable laws and rules.

8. Meetings

- 8.1 The meetings and proceedings of the Committee shall be governed by the provisions of the Company's Bye-laws for regulating the meetings and proceedings of the Board.
- 8.2 The quorum for meetings shall be two members of the Committee.
- 8.3 Full minutes of the Committee meetings should be kept by the secretary of the Committee. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and records, within reasonable time after the meeting.

9. Reporting Procedures

- 9.1 The Committee shall report to the Board concerning its activities and the matters set out in the relevant code provisions of the on the CG Code appended to the Listing Rules, either orally or in writing, at regular meetings of the Board or at other times or occasions where necessary.
- 9.2 The Secretary of the Committee shall arrange to distribute the minutes of meetings or written resolutions of the Committee to the Board members.

10. Frequency of Review

- 10.1 This Terms of Reference should be reviewed on an annual basis and when necessary, can be revised by the Board from time to time.

11. Publication of the Terms of Reference

- 11.1 The terms of reference will be posted on the websites of the Company and Hong Kong Exchanges and Clearing Limited. A copy of the terms of reference will be made available to any person without charge upon request.

Hong Kong, 3 January 2019