

PINE TECHNOLOGY HOLDINGS LIMITED

松景科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1079)

(the “Company”)

Terms of Reference of Audit Committee (the “Committee”)

A. Constitution

The Committee was established pursuant to a resolution passed by the board of directors of the Company (“Board”) at a meeting held on 9 November 1999 and adopted the amendment by a resolution passed by the Board on 14 June 2016 and be effective on 1 July 2016.

B. The Committee

1. Membership

1.1 Members of the Committee (“Members”) shall be appointed by the Board from amongst the non-executive directors of the Company.

1.2 The Committee shall consist of not less than three members, a majority of whom shall be independent non-executive directors (“INEDs”) and at least one INED with appropriate professional qualifications or accounting or related financial management expertise.

1.3 The Chairman of the Committee shall be appointed by the Board and must be an INED. In the absence of Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

1.4 The company secretary shall be the secretary of the Committee. In the absence of the company secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Committee, shall attend the meeting of the Committee and take minutes.

1.5 The appointment of the Members and secretary of the Committee may be revoked, or additional Members may be appointed to the Committee by separate resolutions passed by the Board.

1.6 A former partner of the Company’s existing auditing firm shall be prohibited from acting as a Member for a period of 1 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.

2. Proceedings of the Committee

2.1 Meetings

- 2.1.1 Unless otherwise agreed by all the Members, a meeting of the Committee shall be called with at least seven days 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 meeting is not required if the adjournment is less than 14 days.
- 2.1.2 On the request of a Member, the secretary to the Committee shall at any time summon a meeting of the Committee. Notice shall be given to each Member orally in person or in writing or by telephone or by telex or telegram or facsimile transmission at the telephone or facsimile or address (from time to time notified to the secretary by such Member) or any other means as the Members may from time to time determine.
- 2.1.3 Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the Members for the purposes of the meeting.

2.2 Quorum

- 2.2.1 The quorum of the Committee meeting shall be two Members.

2.3 Attendance of meetings by non-members

- 2.3.1 The Finance Director, the Head of Internal Audit (or any officer(s) assuming similar duties), the external auditors and other Board Members or any other persons may be invited to attend all or part of any meetings.

2.4 Frequency of meetings

- 2.4.1 Meetings shall be held at least twice a year. Additional meetings will be held if the Committee considers it necessary or upon request of the Company's external auditors.

3. Resolutions

- 3.1 Resolutions of the Committee at any meetings shall be passed by a majority of votes of the Members present. Meetings of the Committee may be held in person, by telephone or by tele-conferencing or any other telecommunications facility provided that all participants are thereby able to communicate contemporaneously by voice with all other participants.
- 3.2 A resolution in writing signed by all the Members shall be deemed as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

4. Authority

4.1 The Committee may exercise the following powers:

- (a) The Committee shall have the right to require the Company's management to furnish such available information on any matter relating to the financial position of the Company and its subsidiary or affiliates, as may be required for the purposes of performing its duties.
- (b) The Committee is authorised by the Board to obtain independent legal or other professional advice if considered necessary to perform its duties at the expense of the Company.
- (c) The Committee shall be provided with sufficient resources to perform its duties.

5. Duties

The duties of the Committee include the following:

Relationship with the Company's external auditors

- 5.1 to act as the key representative body for overseeing the Company's relation with the external auditor, and to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors of the Company, to approve the remuneration and terms of engagement of the external auditors, and to consider any questions of its resignation or dismissal;
- 5.2 to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and to discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
- 5.3 to develop and implement policy on engaging of 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

- 5.4 to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports (if applicable), and to review any significant financial reporting judgments contained in them. In reviewing these reports (if applicable) before submission to the Board, the Committee shall focus particularly on:
- (a) any changes in accounting policies and practices;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from the audit;
 - (d) the going concern assumption and any qualifications;
 - (e) compliance with accounting standards; and
 - (f) compliance with Listing Rules and legal requirements in relation to financial reporting;

5.5 Regarding Clause 5.4 above:-

- (a) Members should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's external auditors; and
- (b) the Committee shall consider any significant or unusual items that are, or may need to be, reflected in the reports 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 person occupying the same position), or external auditors;

Oversight of the Company's financial reporting system, risk management and internal control systems

- 5.6 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;
- 5.7 to discuss the risk management and internal control system 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;

- 5.8 to consider major investigation 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;
- 5.9 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;
- 5.10 to review the Group's financial and accounting policies and practices;
- 5.11 to review the external auditors' management letter, any material queries raised by the external auditors to management about accounting records, financial accounts or systems of control and management's response;
- 5.12 to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- 5.13 to report to the Board on all matters in this Terms of Reference;
- 5.14 to consider other topics, as defined by the Board;
- 5.15 to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matter, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

Corporate Governance

- 5.16 to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- 5.17 to review and monitor the training and continuous professional development of directors and senior management;
- 5.18 to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- 5.19 to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employee and directors;
- 5.20 to review the Company's compliance with the Code on Corporate Governance in the Corporate Governance Report; and

Annual General Meeting

- 5.21 The Chairman of the Committee or in his/her absence, another Member or failing this his/her duly appointed delegate, shall attend the Company's annual general meeting and answer questions on behalf of the Committee put forth to him/her.

6. Reporting responsibilities

- 6.1 The secretary to the Committee shall circulate the minutes of meetings and all written resolutions of the Committee to all members of the Board upon request.
- 6.2 Full minutes of Committee meetings will be kept by the secretary of the Committee. Draft and final versions of minutes of the meetings should be sent to all Members for their comment and records within a reasonable time after the meeting.
- 6.3 Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the Corporate Governance Report a statement from the Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.
- 6.4 The Committee shall report to the Board on how it met its responsibilities in its review of the risk management and internal control systems and the effectiveness of the Company's internal audit function for inclusion in the Company's Corporate Governance Report.

7. Continuing application of the bye-laws of the Company

- 7.1 The bye-laws of the Company regulating the meetings and proceedings of the Board so far as the same are applicable and not inconsistent with the provisions of these Regulations shall apply to regulate the meetings and proceedings of the Committee.

8. Publication of the Terms of Reference

- 8.1 The terms of reference will be posted on the websites of the Company and The Stock Exchange of Hong Kong Limited.

– END –

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