



# **Boill Healthcare Holdings Limited**

## **保集健康控股有限公司**

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

**(Stock code: 01246)**

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

#### **Membership**

1. The Audit Committee (the “Committee”) is a committee formed by the board of directors (the “Board”) of Boill Healthcare Holdings Limited (the “Company”) which shall comprise at least three members and non-executive directors only.
2. The majority of the Committee members shall be independent non-executive directors and at least one of whom shall be an independent non-executive director possesses appropriate professional qualifications or accounting or related financial management expertise.
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 the person ceasing: (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is later.

#### **The Chairman**

4. The chairman of the Committee shall be appointed by the Board and must be an independent non-executive director.
5. The chairman of the Committee, or failing him, his duly appointed delegate shall attend and be available to answer questions relating to risk management, internal control or functions and financial reporting matters at the annual general meeting of the Company.

## **Secretary**

6. The company secretary of the Company or his/her nominee shall be the secretary of the Committee (the "Secretary") unless the Committee determines otherwise. Full minutes of the Committee meetings shall be kept by the Secretary. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and records, within a reasonable time after the meeting. The final versions of minutes should be open for inspection at any reasonable time on reasonable notice by any director.

## **Meetings**

7. Meetings shall be held at least twice a year and shall be summoned by any member of the Committee or by the Secretary at the request of any member of the Committee. The external auditor may request a meeting if they consider that one is necessary.
8. The quorum of the Committee meeting shall be two members. Only the Committee members have the voting right. Other individuals such as executive directors, chief executive officers and external advisers may be invited to attend for all or part of any meeting as and when appropriate, though they shall not be counted in the quorum.

## **Authority**

9. The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to cooperate with any reasonable request made by the Committee.
10. The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to invite the attendance of outsiders with relevant experience and expertise if it considers this necessary.
11. The Committee shall report to the Board any suspected frauds and irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.
12. The Committee shall be provided with sufficient resources to enable it to perform its duties. Where necessary, the Committee shall seek independent professional advice, at the Company's expense, to perform its responsibilities.

## **Duties**

13. The duties of the Committee shall be:

### ***Relationship with the Company's external auditor***

- (a) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (b) 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 to consider any questions of its resignation or dismissal;
- (c) 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 the nature and scope of the audit and reporting obligations before the audit commences;
- (d) to develop and implement policy on engaging an external auditor to provide non-audit services and to report, identify and make recommendations to the Board on any matters where action or improvement is needed;
- (e) Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Committee will arrange for the Corporate Governance Report in the Annual Report to include an explanation of the Committee's view and the reasons why the Board has taken a different view;

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

- (f) 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 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and legal requirements in relation to financial reporting;
- (g) in regard to the duties under (f) above,
- (i) the members of the Committee should liaise with the Board and senior management of the Company;
  - (ii) the Committee must meet, at least twice a year, with the external auditor of the Company; and
  - (iii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and 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, internal and/or external auditors;

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

- (h) to review the Company’s financial controls, and unless expressly addressed by a separate board risk committee, or the Board itself, to review risk management and internal control systems;
- (i) 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;
- (j) 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;
- (k) to ensure coordination between the internal (if any) 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;
- (l) to review the financial and accounting policies and practices of the Company and its subsidiaries;

- (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 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;
- (o) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

### ***Oversight of the Company's Corporate Governance Matters***

- (p) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (q) to review and monitor the training and continuous professional development of directors and senior management;
- (r) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (s) to develop, review and monitor the Company's code of conduct and compliance manual (if any) applicable to employees and directors;
- (t) to review the Company's compliance with the Corporate Governance Code in Appendix 14 of the Listing Rules (the "Corporate Governance Code") and disclosure in the Corporate Governance Report;
- (u) to report to the Board on the matters set out in the Corporate Governance Code and Corporate Governance Report; and
- (v) to consider other topics, as required by the Board, to be performed by the Committee.

### **Reporting procedures**

14. The Committee should report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee or in his absence, a member designated by the chairman shall report back to the Board on the findings and recommendations of the Committee, unless there are legal or regulatory restrictions on their ability to do so.

Effective date: 31 December 2018