



Jimei 集美 지메이

JIMEI INTERNATIONAL ENTERTAINMENT GROUP LIMITED

集美國際娛樂集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1159)

**TERMS OF REFERENCE OF
THE AUDIT COMMITTEE
OF THE COMPANY**

(Revised by the Board on 7 January 2016)

JIMEI INTERNATIONAL ENTERTAINMENT GROUP LIMITED
集美國際娛樂集團有限公司
(the “Company”)

Terms of Reference of the Audit Committee

1. Constitution

1.1 The board (the “**Board**”) of directors (“**Directors**”, each a “**Director**”) of the Company resolved to adopt this revised terms of reference of the audit committee (the “**Audit Committee**”) with effect from 7 January 2016.

2. Membership

2.1 The Audit Committee shall be appointed by the Board and shall consist of not less than three members (“**Members**”, each a “**Member**”).

2.2 All Members must be non-executive Directors. The majority of which shall be independent non-executive Directors (“**INEDs**”, each an “**INED**”) and at least one of whom is an INED with appropriate qualifications of accounting or related financial management expertise as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

2.3 The Board shall have the right to appoint and remove members of the Audit Committee. The Board shall also have the right to appoint additional members to the Audit Committee.

2.4 A former partner of the Company’s existing auditing firm shall be prohibited from acting as a Member for a period of one year commencing from the date of his or her ceasing (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is the later.

3. Chairman

3.1 The Board shall appoint a chairman (the “**Chairman**”) for the Audit Committee who shall be an INED from time to time.

3.2 In the absence of the Chairman at any meeting of the Audit Committee, the remaining Members present at any meeting convened in accordance with these terms of reference shall elect among themselves to act as the chairman of that meeting.

4. Secretary

4.1 The company secretary of the Company or his/her nominee shall act as the secretary of the Audit Committee (“**Secretary**”).

4.2 In the absence of the Secretary at any meeting of the Audit Committee, the Members present at the meeting shall elect another person to act as the secretary of that meeting.

5. Notice

5.1 Unless otherwise agreed, notice of a meeting of the Audit Committee shall be given at least seven (7) days prior to that meeting being held.

5.2 On the request of a Member, the Secretary shall, at any time, summon a meeting of the Audit 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 or electronic mail at the telephone or facsimile or address or electronic email address from time to time notified to the Secretary by such Member by in such other means as the members may from time to time determine.

5.3 Notice of each meeting shall state the date, time and venue 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.

6. Quorum and Attendees

6.1 The quorum necessary for the transaction of business shall be two.

6.2 If only two Members are present in any meeting of the Audit Committee, at least one of them must be an INED.

- 6.3 The head of finance department of the Company (or any officer(s) assuming the relevant functions but having a different designation) and the head of internal audit department of the Company (or any officer(s) assuming the relevant functions but having a different designation) shall normally attend meetings of the Audit Committee, however they shall not be counted in the quorum.
- 6.4 Other Directors who are not Members shall also have the right to attend any meetings of the Audit Committee, however they shall not be counted in the quorum.
- 6.5 A duly convened meeting of the Audit 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 Audit Committee.
- 6.6 The Audit Committee shall meet with the external auditors of the Company in the absence of the executive Directors (except the head of finance department is also an executive Director) at least twice a year.

7. Frequency of Meetings

- 7.1 Meetings shall be held not less than twice a year.

8. Minutes of Meetings

- 8.1 Minutes of the Audit Committee's meeting should record in sufficient detail regarding the matters considered by the Audit Committee and decisions reached, including any concerns raised by any Member or dissenting views expressed. Drafts and final versions of minutes of the Audit Committee's meetings should be sent to all Members for their comments and records respectively, in both cases within a reasonable time after the meeting is held.
- 8.2 Minutes of the Audit Committee's meetings shall be kept by the Secretary and shall be made available for inspection by any Member and any Director at any reasonable time and on reasonable notice.

9. Written Resolutions

9.1 Resolutions may be passed by all Members in writing.

10. Duties

10.1 The duties of the Audit Committee shall include the following:

Relationship with external auditors

- (a) to be primarily responsible for considering and making recommendations to the Board on the appointment, reappointment, resignation, dismissal and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of that auditors;
- (b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on the engagement of external auditors to supply non-audit services. For this purpose, "external auditors" shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

Review of financial information of the Company

- (d) to monitor integrity of the Company's financial statements and annual reports and accounts, interim reports and, if prepared for publication, quarterly reports (collectively, the "**Published Financial Reports**"), and to review significant financial reporting judgments contained in them. In this regard, in reviewing the Published Financial Reports before submission to the Board, the Audit Committee should focus particularly on:
- (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments and non-adjusted differences resulting from audit or independent review, if any;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;
- (e) In regard to (d) above:
- (i) Members should liaise with the Board and the Company's senior management and the Audit Committee should meet, at least twice a year, with the Company's external auditors; and
 - (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and 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 external auditors;

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

- (f) to review the Company's financial controls, internal control and risk management systems;
- (g) to discuss with the management the scope and quality of risk management and internal control systems and ensure that management has discharged its duty to have effective systems including the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function and their training programmes and budget;
- (h) 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;
- (i) 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 the effectiveness of the internal audit function;
- (j) to review financial and accounting policies and practices of the Company and its subsidiaries (collectively, the "**Group**");
- (k) to review the external auditors' management letter, any material queries raised by the external auditors to management in respect of the accounting records, financial accounts or systems of control and management's response;
- (l) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;

Others

- (m) to report to the Board on the matters set out in the code provisions as stated in Appendix 14 of the Listing Rules;
- (n) to review arrangements the 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;

- (o) to act as the key representative body for overseeing the Company's relations with the external auditors; and
- (p) to consider other topics, as defined by the Board.

11. Reporting Procedures

11.1 The Audit Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Audit Committee, the Chairman shall report the findings and recommendations of the Audit Committee to the Board.

11.2 The Chairman, or in the absence of the Chairman, a Member or failing this his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to shareholders' questions.

12. Authority

12.1 The Audit Committee may exercise the following powers:

- (a) to seek any information it requires from any employee of the Company and any professional advisers (including external auditors), to require any of them to prepare and submit reports and to attend meetings of the Audit Committee and to supply information and answer questions raised by the Audit Committee;
- (b) to monitor whether the Group's management has, in the performance of its duties, infringed any policies set by the Board or any applicable law, regulation and code (including the Listing Rules and other rules and regulations from time to time prescribed by the Stock Exchange and/or laid down by the Board or a committee thereof);
- (c) to investigate all suspected fraudulent acts involving the Group and request management to make investigation and submit reports;
- (d) to review the Group's risk management and internal control procedures and systems;

- (e) to review the performance of the Group's employees in the accounting and internal audit department;
- (f) to make recommendations to the Board for the improvement of the Group's risk management and internal control procedures and systems;
- (g) to request the Board to convene a shareholders' meeting for purposes of revoking the appointment of any Director and to dismiss any employees if there is evidence showing that the relevant Director and/or employee has failed to discharge his duties properly;
- (h) to request the Board to take all necessary actions, including convening a special general meeting, to replace and dismiss the external auditors of the Company; and
- (i) to obtain outside legal or other independent professional advice and to secure the attendance of independent third parties with relevant experience and expertise, if it considers this necessary.

13. Continuing applications of the articles of association of the Company and "A Guide for Effective Audit Committee"

13.1 The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and not inconsistent with the provisions of these terms of reference shall apply, mutatis mutandis, to regulate the meetings and proceedings of the Audit Committee.

13.2 The provisions of "A Guide for Effective Audit Committee" published by the Hong Kong Society of Accountants (as it was then known) in February 2002 shall, to the extent not inconsistent with the provisions of these terms of reference, be deemed to be incorporated into these terms of reference, mutatis mutandis.

14. Powers of the Board

14.1 The Board may, subject to compliance with the articles of association of the Company and the Listing Rules, amend, supplement and revoke the provisions of this terms of reference and any resolution passed by the Audit Committee provided that no amendments to and revocation of the provision of these terms of reference and the resolutions passed by the Audit Committee shall invalidate any prior act and resolution of the Audit Committee which would have been valid if such provisions or resolutions had not been amended or revoked.