

China First Chemical Holdings Limited

(Incorporated in the Cayman Islands.)

(the “**Company**”)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (the “**Committee**”)

1. Membership

- 1.1 The Audit Committee shall be appointed by the Board and shall consist of not less than three members (“Members”).
- 1.2 All Members shall be formed by non-executive directors, of which more than half of whom should be Independent Non-Executive Directors (“INEDs”) and at least one of whom is an INED with appropriate professional qualifications or accounting or related financial management expertise.
- 1.3 The Chairman of the Audit Committee shall be appointed by the Board and must be an INED.
- 1.4 A former partner of the Company’s existing auditing firm should be prohibited from acting as a member of the Audit Committee for a period of one year commencing on 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 the later.
- 1.5 The term of appointment of the Audit Committee Members are determined by the Board at the date of appointment

2. Secretary

- 2.1 The Company Secretary of the Company shall be the secretary of the Committee.
- 2.2 The Audit Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Audit Committee.

3. Meetings

- 3.1 Audit Committee meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary

- 3.2 Notice of any meetings of the Committee has to be given 14 days prior to any such meeting being held, unless all the Members unanimously waive such notice. Notice of any adjourned meeting is not required if the adjournment is for less than 14 days.
- 3.3 The quorum of the Audit Committee shall be any two Members, one of which should be an INED.
- 3.4 Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a telephone conference or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 3.5 Resolutions of the Audit Committee at any meetings shall be passed by more than half of the Members present.
- 3.6 A resolution in writing signed by all the Members of the Audit Committee shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.
- 3.7 Minutes shall be kept by the secretary of the Audit Committee. Draft and final versions of minutes shall be circulated to all Members for their comment and records respectively, in both cases within a reasonable period of time after the meeting. Such minutes shall be open for Directors' inspection.

4. Attendance at Meetings

- 4.1 At least once a year, representative(s) of the Company's external auditor will meet the Audit Committee without any Executive Director being present, except by invitation of the Audit Committee.
- 4.2 At the invitation of the Audit Committee, the following persons may attend the meetings (i) the Head of the Internal Audit, or, if absent, the representative of the Internal Audit; (ii) the Group Chief Financial Officer (or a person occupying the same position); and (iii) other Board members.
- 4.3 Only the Members are entitled to vote at the Meetings

5. Annual General Meetings

- 5.1 The Chairman of the Audit Committee or in his/ her absence, another Member (who must be an INED) of the Committee shall attend the Annual General Meetings of the Company and make himself/ herself available to respond to any shareholder's questions on the Audit Committee's activities.

6. Responsibility, Powers and Discretion

The responsibility of the Audit Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting and internal control system. The Audit Committee shall have the following responsibilities, powers and discretion:

6.1 Relationship with the Company's External Auditors

- 6.1.1 To be primarily responsible for making recommendation 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 any questions of resignation or dismissal of that auditor;
- 6.1.2 To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 6.1.3 To develop and implement policy on the engagement of an external auditor to supply non-audit services. For this purpose, external auditor 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;
- 6.1.4 To 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;

6.2 Review of financial information of the Company

- 6.2.1 To monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and quarterly reports (if applicable), and to review significant financial reporting judgements contained in them. In this regard, in reviewing the Company's annual report and accounts, half-year report and quarterly reports (if applicable) before submission to the Board, the Audit Committee should focus particularly on:

- (a) any changes in accounting policies and practices;
- (b) major judgmental areas;
- (c) significant adjustments resulting from audit;
- (d) the going concern assumptions and any qualifications;
- (e) compliance with accounting standards;
- (f) compliance with the Listing Rules and other legal requirements in relation to financial reporting;

- 6.2.2 In regard to 6.2.1 above,

- (a) Members of the Audit Committee must liaise with the Company's Board and senior management;
- (b) The Audit Committee must meet, at least twice a year, with the Company's external auditors;
- (c) The Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must 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;

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

- 6.3.1 To review the Company's financial controls, internal control and risk management systems;

- 6.3.2 To discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system, including the resources of accounting and financial report function, employee qualification and experience and employee training courses and relevant budget;
 - 6.3.3 To consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;
 - 6.3.4 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;
 - 6.3.5 To review the Group's financial and accounting policies and practices;
 - 6.3.6 To review the external auditor's management letter, any material queries raised by the external auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
 - 6.3.7 To ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
 - 6.3.8 To act as the key representative body for overseeing the Company's relation with the external auditor;
 - 6.3.9 To review arrangements by which employees of the Company may, in confidence, 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 the fair and independent investigation of such matters and for appropriate follow-up action;
 - 6.3.10 To report to the Board on all matters set out in these Terms of Reference;
 - 6.3.11 To consider other topics, as defined by the Board; and
 - 6.3.12 To establish the whistle blowing policy and system which employees and business parties (like clients or suppliers) of the Company may, in confidence, raise concerning about possible improprieties of the Company to the Audit Committee.
- 6.4 Oversight of the Company's corporate governance program
- 6.4.1 To formulate and review the Company's corporate governance program and regulations and offer advice for the Board;
 - 6.4.2 To review and supervise the training and follow-up expertise development of the Company's board directors and senior management;
 - 6.4.3 To review and supervise the compliance with policies and regulations of laws and supervision;
 - 6.4.4 To establish, review and supervise the code of conduct and compliance manual (if any) of employees and board directors; and
 - 6.4.5 To review the compliance with Corporate Governance Rules and disclosure of Corporate Governance Report of annual report.

7. Reporting Responsibilities

7.1 The Audit Committee shall report to the Board after each meeting.

8. Authority

8.1 The Audit Committee is authorized by the Board to inspect all accounts, books and records of the Company.

8.2 The Audit Committee shall have the right to require the Company's management to furnish information on any matter relating to the financial position of the Company, its subsidiaries or affiliates, as may be required for the purposes of discharging its duties.

8.3 A Director as a Member of the Audit Committee may obtain external independent professional advice in appropriate circumstances at the Company's his/her duties as a Member to the Company.

8.4 The Audit Committee shall be provided with sufficient resources to discharge its duties.

一化控股（中國）有限公司
China First Chemical Holdings Limited
(于開曼群島成立之有限責任公司)
(以下稱“公司”)

審核委員會—職權範圍書

1. 成員

- 1.1 審核委員會須由董事會委任，且須由最少三名成員組成。
- 1.2 成員須全部由非執行董事組成，當中過半數成員須為獨立非執行董事及最少一名具備合適專業資格或會計或相關財務管理專長之獨立非執行董事。
- 1.3 審核委員會之主席須由董事會委任，並須為獨立非執行董事。
- 1.4 倘審核委員會亦包括非執行董事，則屬本公司現有核數公司前合夥人之非執行董事于
(a)不再為該公司合夥人之日；或
(b)不再於該公司擁有任何財務權益之日（以較後者為準）起計一年期間內不得出任審核委員會成員。
- 1.5 審核委員會成員的委任年期由董事會于委任時決定。

2. 秘書

- 2.1 審核委員會之秘書由公司秘書擔任。
- 2.2 審核委員會可不時委任其它任何具備合適資格及經驗之人士為審核委員會之秘書。

3. 會議

- 3.1 審核委員會每年最少須舉行兩次會議。本公司之外聘核數師如認為有需要，可要求舉行會議。
- 3.2 任何會議之通知最少須於該會議舉行前 14 天作出，除非全體成員一致通過豁免該通知。不論所作出之通知期，成員出席會議將被視為成員豁免所需之通知期。倘續會於少於 14 天內舉行，則任何續會毋須作出通知。

- 3.3 審核委員會會議所需之法定人數為任何兩名成員，其中一名成員須為獨立非執行董事。
- 3.4 會議可以親身出席、採用電話或視像會議之方式舉行。成員可透過會議電話或類似通訊設備（所有參與會議之人士均能夠透過該設備聆聽對方）參與會議。
- 3.5 審核委員會之決議案須以過半數票數通過。
- 3.6 由審核委員會全體成員書面簽署之決議案亦為有效，猶如其已於審核委員會正式召開及舉行之會議上獲通過一樣。
- 3.7 會議紀錄由審核委員會之秘書備存。會議紀錄之草擬本及最終版本須於會議後一段合理時間內向全體成員傳閱，以分別供彼等審批及作紀錄。該等會議紀錄須供董事查閱。

4. 出席會議

- 4.1 本公司之外聘核數師代表與審核委員會每年最少將舉行兩次並無任何執行董事（獲審計委員會邀請者除外）出席之會議。
- 4.2 在審核委員會之邀請下，下列人士可出席會議：i) 內部審計主管或（如其缺席）內部審計代表；ii) 集團財務總監（或擔任同一職位之人士）；及 iii) 其它董事會成員。
- 4.3 僅審核委員會之成員有權于會議上投票。

5. 股東周年大會

- 5.1 審核委員會之主席或（如其缺席）審核委員會之另一名成員（必須為獨立非執行董事）須出席本公司之股東周年大會，並響應股東就審核委員會之活動及彼等之責任作出之提問。

6. 責任、權力及酌情權

審核委員會之責任為透過檢討及監管本公司之財務申報及內部監控制度，協助董事會履行其審計職責。審核委員會具有下列責任、權力及酌情權：

- 6.1 與本公司外聘核數師之關係

- 6.1.1 主要負責就外聘核數師之委任、重新委任及罷免向董事會提供建議、批准外聘核數師之薪酬及聘用條款，及處理任何有關該核數師辭任或辭退該核數師之問題；
- 6.1.2 按適用標準檢討及監察外聘核數師是否獨立客觀及核數程式是否有效；並於核數工作開始前先與外聘核數師討論核數性質及範疇及有關申報責任；
- 6.1.3 就外聘核數師提供非核數服務制定政策，並予以執行。就此而言，外聘核數師包括與核數公司處於同一控制權、所有權或管理權之下之任何機構，或一個合理知悉所有有關資料之協力廠商，在合理情況下會斷定該機構屬於該核數公司之本土或國際業務之一部分之任何機構；
- 6.1.4 就其認為任何須採取行動或改善之事項向董事會報告，並提出建議；

6.2 審閱本公司之財務資料

- 6.2.1 監察本公司之財務報表及本公司年度報告及帳目、半年度報告及季度報告（如適用）之完整性，並審閱其中所載有關財務申報之重大意見。就此而言，審核委員會在向董事會提交上述有關報表及報告前，應特別針對下列事項加以審閱：
 - (a) 會計政策及實務之任何更改；
 - (b) 涉及重要判斷之地方；
 - (c) 因核數而出現之重大調整；
 - (d) 企業持續經營之假設及任何保留意見；
 - (e) 是否遵守會計準則；及
 - (f) 是否遵守有關財務申報之上市規則及法律規定；

6.2.2 就上文第 6.2.1 項而言，

- (a) 審核委員會成員應與本公司之董事會及高級管理人員聯絡；
- (b) 審核委員會每年最少須與本公司之外聘核數師開會兩次；及
- (c) 審核委員會須考慮於該等報告及帳目中所反映或須反映之任何重大或不尋常事項，並應適當考慮任何由本公司屬下會計及財務彙報職員、監察主任或外聘核數師提出之事項；

6.3 監管本公司之財務申報制度及內部監控程序

- 6.3.1 檢討本公司之財務監控、內部監控及風險管理制度；
 - 6.3.2 與管理層討論內部監控系統，確保管理層已履行職責建立有效之內部監控系統，與管理層之有關討論內容應包括本公司在會計及財務彙報職能方面的資源、員工資歷及經驗是否足夠、及員工培訓課程及有關預算是否充足；
 - 6.3.3 主動或應董事會之委派，就有關內部監控事宜之重要調查結果及管理層對調查結果之回應進行研究；
 - 6.3.4 確保內部和外聘核數師之工作得到協調；並確保內部審核功能在本公司內有足夠資源運作，並且有適當之地位；以及檢討及監察其成效；
 - 6.3.5 檢討本集團之財務及會計政策及實務；
 - 6.3.6 檢查外聘核數師給予管理層之《審核情況說明函件》、外聘核數師就會計紀錄、財務帳目或監控制度向管理層提出之任何重大疑問及管理層作出之回應；
 - 6.3.7 確保董事會及時回應於外聘核數師給予管理層之《審核情況說明函件》中提出之事宜；
 - 6.3.8 擔任公司與外聘核數師之間的主要代表，負責監察二者之間的關係；
 - 6.3.9 檢討公司設定的以下安排：公司雇員可暗中就財務彙報、內部監控或其他方面可能發生的不正當行為提出關注。審核委員會應確保有適當安排，讓公司對此等事宜作出公平獨立的調查及採取適當行動；
 - 6.3.10 就上述所有事宜向董事會彙報；
 - 6.3.11 考慮任何其它由董事會特定提交審核委員會處理之事項；及
 - 6.3.12 審核委員會應制定舉報政策及系統，讓雇員及其他與公司有往來者（如客戶及供應商）可暗中向審核委員會提出其對任何可能關於公司的不當事宜的關注。
- 6.4 監管本公司之企業管治程式
- 6.4.1 制訂及檢討本公司企業管治政策及常規，向董事會提出建議；

- 6.4.2 檢討及監察本公司董事及高級管理人員之培訓及持續專業發展；
- 6.4.3 檢討及監察本公司就遵守法律及監管要求之政策及常規；
- 6.4.4 制定、檢討及監察本公司雇員及董事之操守準則及合規手冊（如有）；及
- 6.4.5 檢討本公司遵守「企業管治守則」的情況及載於其年度報告中之「企業管治報告」的披露。

7. 申報責任

- 7.1 審核委員會須於每次會議後向董事會報告。

8. 許可權

- 8.1 審核委員會獲董事會授權可查閱本公司之一切帳目、帳冊及紀錄。
- 8.2 審核委員會有權按履行其職責所需而要求本公司管理層就任何有關本公司、其附屬公司或聯屬公司財政狀況之事項提供資料。
- 8.3 身為審核委員會成員之董事可在適當情況下尋求獨立專業意見，以向本公司履行身為審核委員會成員之責任，費用概由本公司承擔。
- 8.4 審核委員會須獲提供充足資源以履行其職責。