



TIMELESS RESOURCES HOLDINGS LIMITED
天時資源控股有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 8028)

TERMS OF REFERENCE
OF
AUDIT COMMITTEE
(Amended and adopted by the Board on 4 March 2024
with retrospective effect from 1 January 2024)

Constitution

1. The Audit Committee (the “Committee”) is established pursuant to a resolution passed by the board of directors (the “Board”) of Timeless Resources Holdings Limited (formerly “Timeless Software Limited”) (the “Company”) in the meeting held on 16 November 1999.

Membership

2. The Committee members shall be appointed by the Board from amongst the non-executive directors only and shall consist of not less than three members, at least one of whom is an independent non-executive director of the Company (the “INED”) with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).
3. The majority of the members of the Committee shall be INED.
4. The Committee shall be chaired by an INED.
5. 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.
6. The term of membership will be one year from the date of appointment subject to renewal and shall be governed by the provisions of the Articles of Association of the Company.

7. The appointment of the Committee members may be revoked, and new members can be appointed in place by resolutions passed by the Board and by the Committee.
8. No alternate Committee member can be appointed.

Attendance at meetings

9. The Chief Financial Officer of the Group (as defined hereunder) (or any officer(s) assuming the relevant functions but having a different designation) and a representative of the external auditors shall normally attend meetings. Other Board members may be invited to attend a particular meeting in order to answer specific questions or concerns. Where an internal audit function exists, the Head of Internal Audit should normally attend meetings.
10. The Company Secretary or his nominee shall be the secretary of the Committee.

Frequency and proceedings of meetings

11. Meetings shall be held not less than twice a year. Additional meetings should be held as and when the Committee considers necessary.
12. The chairman of the Committee may convene additional meetings at his discretion.
13. The external auditors may also request a meeting if they consider that one is necessary.
14. The quorum of a meeting shall be two Committee members, both of whom shall be independent non-executive directors.
15. Meetings could be held in person, by telephone or by video conference.
16. Resolutions of the Committee members at any meeting shall be passed by a majority of votes of the Committee members present.
17. Proceedings of meetings of the Committee shall be governed by the provisions of the Articles of Association of the Company.

Notice of meetings

18. Unless otherwise agreed by all the Committee members, a meeting shall be convened by at least seven days' notice. If a meeting is called by a shorter notice, it shall be deemed to have been duly called if it is so agreed by a majority of the Committee members. A Committee member who attends such a meeting shall deem to agree to the shorter notice.

Resolutions in writing

19. A resolution in writing signed by all the Committee members shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the Committee members. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the GEM Listing Rules for a Board or Committee meeting to be held.

Annual general meeting

20. The Chairman of the Committee or, failing him, another Committee member shall attend the Company's annual general meetings and be prepared to respond to shareholders' questions on the Committee's work and its responsibilities.

Authority

21. The Committee is authorised by the Board to investigate any activity within its terms of reference and all employees are directed to cooperate as requested by Committee members.
22. The Committee is authorised by the Board to obtain outside legal or other independent professional advice if deemed required and to invite the attendance of outsiders with relevant experience and expertise if it considers necessary.
23. The Committee shall report to the Board on any suspected fraud and irregularities, failures of internal control or suspected infringements of or non-compliance with laws, rules and regulations (in particular real estate certificates and license requirements in the People's Republic of China ("PRC")) which come to its attention and are of sufficient importance to warrant the attention of the Board.
24. The Committee is to be provided with sufficient resources to perform its duties.

Responsibility

25. The Committee is to serve as a focal point for communication between other directors, the external auditors and the internal auditors (where an internal audit function exists) as regards their duties relating to financial and other reporting, internal controls (particularly in relation to full compliance with the relevant PRC real estate certificates and license requirements), external and internal audits and such other financial and accounting matters as the Board determines from time to time.

26. The Committee is to assist the Board in providing independent review and supervision of the effectiveness of the financial reporting process, internal control and risk management system of the Company and its subsidiaries (the “Group”), overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

Duties, powers and functions

27. The Committee is to:

Relationship with the Company’s auditors

- (a) 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 any questions of its resignation or dismissal;
- (b) 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 auditor the nature and scope of the audit and reporting obligations before the audit commences. In this connection, the Committee shall:
 - (i) consider all relationships between the Company and the audit firm (including non-audit services);
 - (ii) obtain from the audit firm annually, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those for rotation of audit partners and staff; and
 - (iii) meet with the auditor, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditor may wish to raise;
- (c) 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;

- (d) discuss with the Board the Company's policies on hiring employees or former employees of the external auditors and monitoring the application of these policies to examine whether there has been or appears to be any impairment of the auditor's judgment or independence for the audit, as applicable;

Review of financial information of the Company

- (e) monitor integrity of the Company's financial statements and annual report and accounts and half-year report, 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 GEM Listing Rules and legal requirements in relation to financial reporting;
- (f) In regard to (e) 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 auditors; and
 - (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the report 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 or auditors;

Governing on matters related to connected transactions

- (g) meet every six months to review the reports on connected transactions to be submitted by the management;
- (h) request further information from senior management of the Company with respect to connected transactions of the Group as it deems appropriate for its review;

- (i) appoint any financial or legal advisor as the Committee considers necessary;
- (j) make decisions in relation to the continuance or discontinuance of any of the Group's connected transactions in accordance with the results of its review;
- (k) approve any new connected transactions or the renewal of any connected transactions, with such approval being the condition precedent to the convening of the Board meeting to approve these connected transactions;
- (l) formulate opinion regarding the enforcement of the connected transaction agreements and disclose such opinion in the Company's annual report for each financial year;
- (m) initiate legal proceedings against the respected connected party supplier in the event any of the connected transaction agreements has been materially breached; and
- (n) request, at the discretion of the Company's independent non-executive directors, alterations, modifications or changes to the terms of the connected transactions to ensure all connected transactions are carried out on an arm's length basis.

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

- (o) 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;
- (p) 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;
- (q) 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;
- (r) where an internal audit function exists, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and review and monitor its effectiveness;

- (s) review the Group's financial and accounting policies and practices;
- (t) review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (u) ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (v) report to the Board on the matters set out in these terms of reference;
- (w) consider other topics, as defined by the Board;
- (x) 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 the fair and independent investigation of these matters and for appropriate follow-up action;
- (y) act as the key representative body for overseeing the Company's relations with the external auditor; and
- (z) ensure the chairman of the Committee, or in the absence of the chairman, another Committee member or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting of the Company;

Oversight of the Company's corporate governance matters

- (aa) provide advice and comments to the Board on matters related to corporate governance.

Reporting procedures

- 28. The Committee should report to the Board on a regular basis.
- 29. 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 respectively, within a reasonable time after the meeting. The secretary of the Committee shall circulate the minutes of meetings and all written resolutions of the Committee to all members of the Board, keeping the Board informed of the Committee's activities, decisions and recommendations on a regular basis.

30. When there are legal or regulatory restrictions on his ability to do so, at the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report to the Board on the findings and recommendations of the Committee. At least annually, the Committee should present a report to the Board which addresses the work and findings of the Committee during the year.
31. Reports to the Board and minutes of the Committee meetings should be approved by the Committee before submitting to the Board.
32. Where the Board disagrees with the audit 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 audit committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

Publication of the terms of reference

33. These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the GEM Listing Rules) in Hong Kong.
34. These terms of reference will be posted on both the websites of the Company and The Stock Exchange of Hong Kong Limited.

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