



(Incorporated in Bermuda with limited liability)

(Stock Code: 371)

(the “Company”)

Terms of Reference for Audit Committee

(effective on 1 April 2023)

1. Membership

- (a) The Company shall establish an audit committee comprising non-executive directors only. The audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as modified from time to time (the “Listing Rules”).
- (b) The majority of the audit committee members must be independent non-executive directors.
- (c) The audit committee must be chaired by an independent non-executive director.

2. Authority

- (a) The audit committee shall report directly to the board of directors of the Company (“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.
- (b) The audit committee is authorized by the Board to obtain outside independent professional advice in connection with its duties as the Board considers necessary.
- (c) The audit committee shall be provided with sufficient resources to discharge its duties.

3. Meetings

- (a) Meetings shall be held at least twice a year to monitor integrity of financial statements of the Company and the Company’s annual report and accounts as well as half-year report.
- (b) If the Company also publish quarterly reports, at least two additional meetings shall be held in a year.
- (c) The external auditors may request a meeting if they consider that is necessary.
- (d) The Financial Controller, Finance Manager of the Company and a representative of the external auditors shall normally attend meetings.
- (e) The quorum for meetings shall be any two members.
- (f) The audit committee members shall normally attend meetings either in person or through other electronic means of communication.
- (g) The company secretary shall be the secretary of the audit committee. In the absence of the secretary of the audit committee, the members present at such meetings shall elect another person as the secretary of such meetings.
- (h) Resolutions of the audit committee shall be passed by a majority of votes which can also be passed by way of unanimous written resolutions.
- (i) Unless otherwise specified herein, the provisions contained in the Company’s Bye-laws for regulating director’s meetings and proceedings shall apply to the meetings and proceedings of the audit committee.

4. Duties

The duties of the audit committee shall include:

4.1 Financial Reporting and Internal Controls

Relationship with the Company's external auditors

- (a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions related to its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on the 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 audit committee should report to the Board, identifying and making recommendations on any matters which action or improvement is needed;
- (d) to act as the key representative body for overseeing the Company's relations with the external auditor;

Review of the Company's financial information

- (e) to monitor the 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 judgements contained in them. In reviewing these 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 resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- (f) Regarding sub-paragraph (e) above:-
 - (i) members of the audit committee should liaise with Board and senior management and the audit committee must 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 the report 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 auditors;

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

- (g) to review the Company's financial controls, and unless expressly addressed by a separate risk committee of the Board, or by the Board itself, to review the Company's risk management and internal control systems;
- (h) 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;
- (i) 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;
- (j) 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;
- (k) to review the group's financial and accounting policies and practices;
- (l) 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;
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (n) to report to the Board on the matters in the code provision under Appendix 14 of the Listing Rules;
- (o) to review arrangements employees and third parties (e.g. customers and suppliers) of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, 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; and
- (p) to consider other topics, as defined by the Board.

4.2 Corporate Governance Matters

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;
- (e) to review the Company's compliance with the Corporate Governance Code (Appendix 14 to the Listing Rules) and disclosure in the Corporate Governance Report; and
- (f) where the Board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of 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.

Note: "senior management" refers to the same persons referred to in the Company's annual report and required to be disclosed under Appendix 16 to the Listing Rules

5. Interpretation

Interpretation of these terms of reference shall belong to the Board.

6. Reporting Procedures

The secretary shall circulate all minutes of meetings and reports of the audit committee to all members of the Board.

7. Publication of the terms of reference of the Audit Committee

The terms of reference of the audit committee (as amended from time to time) will be made available by publishing on the Stock Exchange's website and the Company's website.