



**NAMYUE HOLDINGS LIMITED**

**南粵控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 01058)**

## **Terms of Reference of Audit Committee**

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### ***Formation***

The Audit Committee (the “Committee”) was formed pursuant to the board resolution of Namyue Holdings Limited (the “Company”) passed on 25 September 1998.

### ***Composition and Quorum***

The Committee members shall be appointed by the board of directors of the Company (the “Board”) from amongst the non-executive directors of the Company and shall consist of a minimum of three members, a majority of who should be independent non-executive directors. A quorum shall be two members.

The Chairman of the Committee shall be appointed by the Board and should be an independent non-executive director.

The meetings and proceedings are governed by the provisions contained in the articles of association of the Company for regulating meetings and proceedings of Directors.

### ***Attendance at meetings***

1. Attendees shall normally include Committee’s members, the Chief Financial Officer, the Head of Internal Audit (where an internal audit function exists), a representative of the external auditor and those with meaningful input to the Committee’s activities. However, at least once a year the Committee shall meet with the external auditor without executive board members present.
2. The company secretary of the Company shall be the secretary of the Committee. The secretary of the Committee or in his/her absence, his/her representative or any one Committee member, shall be the secretary of the meetings of the Committee.

### ***Frequency of meetings***

Meetings shall be held not less than twice a year. The chairman of the Committee may convene additional meetings at his discretion. In addition, the external auditor may also request a meeting if they consider that one is necessary.

### ***Reporting procedures***

The secretary or his/her representative shall circulate minutes of meetings and reports of the Committee to all members of the Board.

The Committee is required to report back to the Board on their work (including their decisions and recommendations) from time to time as and when appropriate and in any event at least once annually.

### ***Authority***

1. 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 co-operate with any request made by the Committee.
2. The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

### ***Duties***

The duties of the Committee shall be:

#### *Relationship with the Company's auditors*

- (a) 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 any questions of 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. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to 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) 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 integrity of the Company's financial statements and annual report and accounts, half-year report and 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;
- (f) Regarding (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 reports 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, risk management and internal control systems. Such risks would include, amongst others, material risks relating to ESG (please refer to the ESG Reporting Guide in Appendix 27 to the Listing Rules for further information);

- (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 functions, as well as those relating to the Company's ESG performance and reporting;
- (i) 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;
- (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 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 review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, 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;
- (o) to report to the Board on the matters set out in the code provisions in relation to Audit Committee under Appendix 14 of the Listing Rules; and
- (p) to consider other topics, as defined by the Board.

*Date of amendment:*     26 October 2015  
                                  30 October 2023