



鷹君集團有限公司  
Great Eagle  
Holdings Limited

**TERMS OF REFERENCE  
AUDIT COMMITTEE**

**Updated on 25 November 2022**

**1. Establishment of the Committee**

The board of directors (the “Board”) of Great Eagle Holdings Limited (the “Company”) established an Audit Committee (the “Committee”) on 15 April 1999.

**2. Objectives for the establishment**

In accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Committee was established with an objective to review the reports and proposals from management and to make recommendations to the Board of Directors of the Company in respect of the financial reporting and other statutory obligations, risk management and internal control systems, audit process and corporate governance practices with a view to assist the Board to fulfill its duties in relation to internal control, risk management, financial management and corporate governance. The Committee shall be advisory and not supervisory in nature.

**3. Composition of the Committee**

The members of the Committee shall be appointed by the Board and shall consist of not less than three Independent Non-Executive Directors, at least one of whom must have the appropriate professional qualifications of accounting or related financial management expertise. A majority of the members of the Committee shall be Independent Non-Executive Directors. The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board.

**4. Secretary of the Committee**

The Company Secretary of the Company shall be the secretary of the Committee.

## **5. Meetings and Quorum**

- 5.1 The quorum for a Committee meeting shall be two members. A duly convened meeting of the 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 Committee. In the absence of the Committee Chairman, the Committee members present shall elect one of their number to chair that meeting.
- 5.2 As necessary or desirable, the Chairman of the Committee may request that Board members and members of management of the Company be present at meetings of the Committee.
- 5.3 Meetings shall be held not less than twice a year. Additional meetings should be held as the work of the Committee demands. The Committee may, if it considers necessary, convene meetings with the external auditors without executive Board members present.
- 5.4 For regular meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all members of the Committee in a timely manner and at least 3 days before the intended date of a Committee meeting (or such other agreed period).
- 5.5 The place of the Committee meeting shall be the conference room of the Company (or such other place as agreed by the Committee). Meetings of the Committee may be held by means of such telephone, electronic or other communication facilities (including, without limiting the generality of the foregoing, by telephone, or by video conferencing) as to permit all persons participating in the meeting to communicate and/or speak with each other simultaneously and instantaneously as determined by the Committee from time to time, and participation in such a meeting shall constitute presence in person at such meeting.
- 5.6 Minutes of Committee meetings should record in sufficient detail the matters considered by the Committee and decisions reached, including any concerns raised by Committee members or dissenting views expressed. Draft and final versions of minutes of Committee meetings should be sent to all members of the Committee for their comment and records respectively, within a reasonable time after the meeting is held.

5.7 Full minutes of Committee meetings should be kept by the Committee secretary. Committee members are entitled to have access to the minutes.

## **6. Responsibilities of the Committee**

6.1 The Committee is a standing committee under the Board. It discharges its duties under the terms of reference so delegated by the Board, and reports and makes recommendations to the Board.

6.2 The Committee shall make 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 its resignation or dismissal.

6.3 The Committee shall review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process under applicable accounting and ethical standards, and statutory requirements. Where necessary, the Committee shall discuss with the auditor the nature and scope of the audit and reporting obligations before an audit commences.

6.4 The Committee shall develop and implement company policy and ethical standards on engaging the external auditor in non-audit services, and to report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

6.5 The Committee shall review the Company's half-year and annual report and financial statements before submission to the Board, focusing particularly on:-

6.5.1 any changes in accounting policies and practices;

6.5.2 major judgmental areas;

6.5.3 significant adjustments resulting from the audit;

6.5.4 the going concern assumption and any qualifications;

6.5.5 compliance with accounting standards; and

6.5.6 compliance with the Listing Rules and legal requirements in relation to financial reporting.

- 6.6 In regard to 6.5 above:-
- 6.6.1 members of the Committee shall liaise with the Board and senior management and the Committee must meet, at least twice a year, with the external auditor; and
  - 6.6.2 the Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts and shall give due consideration to any matters raised by the responsible accounting, financial reporting, and compliance personnel, and internal or external auditors;.
- 6.7 The Committee shall discuss problems and reservations arising from the interim audit (if necessary) and final audit, and any matters the auditor may wish to discuss (in the absence of management where necessary).
- 6.8 The Committee shall review the Company's financial controls, risk management and internal control systems.
- 6.9 The Committee shall discuss the risk management and internal control systems with management of the Company to ensure that management has performed its duty to maintain effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.
- 6.10 The Committee shall consider major internal 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.
- 6.11 The Committee shall review the internal audit programme, 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 to review and monitor its effectiveness.
- 6.12 The Committee shall review the Company's financial and accounting policies and practices.
- 6.13 The Committee shall review the external auditor's management letter, any material queries from the auditor to the management about accounting records, financial accounts or system of internal control and management's response to the points raised.

- 6.14 The Committee shall ensure that the Board shall provide a timely response to the issues raised in the external auditor's management letter.
- 6.15 The Committee shall review arrangements that employees of Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.
- 6.16 The Committee shall act as the key representative body for overseeing the Company's relations with the external auditor.
- 6.17 The Committee shall report to the Board on the matters in the terms of reference.
- 6.18 The Committee shall consider other topics, as defined by the Board.

## **7. Authority of the Committee**

- 7.1 The Committee is authorized by the Board to investigate any activity within its terms of reference.
- 7.2 The Committee is authorized by the Board to invite relevant personnel within the Company to attend Committee meetings, and to obtain any information that it requires from any department of the Company if it considers necessary, such that the Committee will be provided with sufficient resources to perform its duties.
- 7.3 The Committee is authorized by the Board to seek external legal or other independent professional advice and if it considers necessary.
- 7.4 The Committee is authorized by the Board to establish sub-committee. All acts done by the sub-committee as authorized shall have the like force and effect, as if done by the Committee. The Committee will be responsible for all such acts and report to the Board.

## **8. Others**

- 8.1 The Chairman of the Committee should attend the Annual General Meeting of the Company or in the absence of the Chairman of the Committee, another member of the Committee or failing this his duly appointed delegate, to be available to answer questions raised by the shareholders.

- 8.2 The Committee may from time to time refer to the applicable rules and regulations as required under the Listing Rules and the general market practice to make recommendations to the Board for revision of the terms of reference of the Committee.
- 8.3 The rules and proceedings of Committee meetings shall be governed by the provisions contained in the Company's Bye-laws for regulating the meetings and proceedings of directors.
- 8.4 The Committee shall include its terms of reference on the Hong Kong Stock Exchange's website and the Company's website and make such information available on request.

Dated: 25 November 2022