



珠光控股
ZHUGUANG HOLDINGS

ZHUGUANG HOLDINGS GROUP COMPANY LIMITED
(the “Company”)

TERMS OF REFERENCE OF AUDIT COMMITTEE
(ALSO KNOWN AS “AUDIT COMMITTEE CHARTER”)
(Revised on 30 December 2022 and effective on 1 January 2023)

1. CONSTITUTION OF THE COMMITTEE

1.1 The board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to establish a Committee of the Board known as the audit committee (the “**Committee**”).

2. MEMBERSHIP OF THE COMMITTEE

2.1 Committee members shall be appointed by the Board from amongst the non-executive directors only and shall consist of 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 “**Listing Rules**”). The majority of the Committee members must be independent non-executive Directors.

2.2 The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive Director.

2.3 The company secretary of the Company shall be the secretary of the Committee.

2.4 The appointment of Committee members may be revoked, or additional members may be appointed to the Committee by resolutions passed by the Board.

3. PROCEEDINGS OF THE COMMITTEE

3.1 *Notice:*

(a) Unless otherwise agreed by all the Committee members, a meeting of the Committee shall be called by at least 14 days’ notice.

- (b) A Committee member may and, on the request of a Committee member, the secretary of the Committee shall, at any time summon a Committee meeting. Notice of a meeting shall be deemed to be duly given to a Committee member if it is given to such Committee member orally (including in person or by telephone) or in writing or by electronic means to an electronic address from time to time notified to the secretary of the Committee by such Committee member or (if the recipient consents to it being made available on a website) by making it available on a website or in such other manner as the Committee members may from time to time determine.
- (c) A notice of meeting shall state the time and place of the meeting.
- (d) An agenda together with other documents which may be required to be considered by the Committee members for the purposes of the meeting, should be sent in full, in a timely manner and at least three days before the intended date of the Committee meeting (or other agreed period), to all Committee members.

3.2 **Quorum:** The quorum of the Committee meeting shall be two Committee members, of whom one has to be an independent non-executive Director.

3.3 **Attendance:** The Chief Financial Officer and/or the Financial Controller, the Head of Internal Audit (or any officer(s) assuming the relevant functions but having a different designation), the Company Secretary, and a representative of the external auditors shall normally attend the meetings. Other Board members shall also have the right of attendance. Only Committee members are entitled to vote at such meetings.

3.4 **Frequency:** Meetings shall be held at least twice annually, however, one of the meetings shall be held in the absence of the executive Board members or management. Additional meetings should be held if the Committee shall so request.

The external auditors may request the chairman of the Committee to convene a meeting, if they consider that one is necessary.

4. WRITTEN RESOLUTIONS OF THE COMMITTEE

4.1 Written resolutions may be passed by all Committee members in writing.

5. ALTERNATE MEMBERS OF THE COMMITTEE

5.1 A Committee member may not appoint any alternate.

6. AUTHORITY OF THE COMMITTEE

6.1 The Committee may exercise the following powers:

- (a) to seek any information it requires from any employee of the Company and its subsidiaries (collectively, the “**Group**”) and any professional advisers (including auditors), to require any of them to prepare and submit reports, attend Committee meetings and supply information and address the questions raised by the Committee;
- (b) to monitor whether the Group’s management has, in the performance of their duties, infringed any policies set by the Board or any applicable law, regulation and code (including the Listing Rules and other rules and regulations from time to time determined by the Board or a committee thereof);
- (c) to investigate all suspected fraudulent acts involving the Group and request the management to make investigation and submit reports;
- (d) to review the Group’s financial reporting system, risk management and internal control systems;
- (e) to review the performance of the Group’s employees in the accounting and internal audit department;
- (f) to make recommendations to the Board for the improvement of the Group’s financial reporting system, risk management and internal control systems;
- (g) to request the Board to convene a shareholders’ meeting for purposes of revoking the appointment of any Director and to dismiss any employees if there is evidence showing that the relevant Director and/or employee has failed to discharge his duties properly;
- (h) to request the Board to take all necessary actions, including convening a special general meeting, to replace and dismiss the auditors of the Group;
- (i) to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at its meetings, if it considers this necessary; and
- (j) to exercise such powers as the Committee may consider necessary and expedient so that its duties under section 7 below can be properly discharged.

6.2 The Committee should be provided with sufficient resources to perform its duties.

7. DUTIES OF THE COMMITTEE

7.1 The duties of the Committee shall be:

Relationship with the Company's external 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;
- (c) to discuss with the external auditor(s) the nature and scope of the audit and reporting obligations before the audit commences, and to ensure coordination where more than one audit firm is involved; and
- (d) 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;

Review of the Company's financial information

- (a) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports (collectively, the "**Financial Reports**"), and to review significant financial reporting judgements contained in them;
- (b) to review the Financial Reports before submission of the same to the Board, focusing particularly on:
 - (i) financial and accounting policies and practices;
 - (ii) any changes in accounting policies and practices;
 - (iii) major judgmental areas;
 - (iv) significant adjustments resulting from audit;
 - (v) the going concern assumption and any qualifications;

- (vi) compliance with accounting standards; and
 - (vii) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- (c) with regard to the monitoring of the integrity of the Financial Reports and the review of significant financial reporting judgements contained therein referred to above:
- (i) to liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditors; and
 - (ii) to consider any significant or unusual items that are, or may need to be, reflected in the Financial Reports 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;

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

- (a) to review the Group's financial and accounting policies and practices;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) 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; and

- (g) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

Other duties

- (a) to review the fairness and reasonableness of any proposed (continuing) connected transaction;
- (b) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (c) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (d) to report to the Board on the matters in the code provisions contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules (as amended from time to time); and
- (e) to consider other topics or matters, as defined or assigned by the Board from time to time.

8. VETO RIGHTS OF THE COMMITTEE

8.1 The Committee has the following veto rights. The Group cannot implement any of the following matters which has been vetoed by the Committee:

- (a) to approve any connected transaction within the meaning of the Listing Rules which requires independent shareholders' votes (unless the approval of such connected transaction is made conditional on the obtaining of the approval of the independent non-executive Directors and the independent shareholders); and
- (b) to employ or dismiss the Financial Controller or the Head of Internal Audit.

9. MINUTES AND RECORDS OF THE COMMITTEE

9.1 Full minutes of the meetings of the Committee and all written resolutions of the Committee should be kept by the secretary of the Committee.

9.2 The secretary of the Committee shall circulate the draft and final versions of the minutes of the meeting of the Committee or, as the case may be, written resolutions of the Committee to all members of the Committee for their comment and records respectively within a reasonable time after the meeting or before the passing of the written resolutions.

9.3 The secretary of the Committee shall keep record of all meetings of the Committee held during each financial year of the Company and records of individual attendance of members of the Committee, on a named basis, at meetings held during that financial year.

10. CONTINUING APPLICATION OF THE BYE-LAWS OF THE COMPANY

10.1 The bye-laws of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

11. POWERS OF THE BOARD

11.1 The Board may, subject to compliance with the bye-laws of the Company and the Listing Rules (including the Corporate Governance Code set out in Appendix 14 to the Listing Rules or if adopted by the Company, the Company's own code of corporate governance practices), amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.