



Dynasty Fine Wines Group Limited

Terms of Reference of the Audit Committee

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board and shall consist of not less than three (3) members, the majority of which must be independent non-executive Directors of the Company and at least one of whom is an independent non-executive director with appropriate qualifications of accounting or related financial management expertise as required in Rule 3.10(2) of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Exchange").
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as financial controller and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.3 The Board shall appoint the Committee Chairman who shall be an independent non-executive Director.

2. Secretary

- 2.1 The company secretary shall act as the secretary of the Committee, and subject to the approval of the Committee, any person nominated by the company secretary.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be 2 independent non-executive Directors. 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.

4. Meetings

- 4.1 The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.



- 4.2 In the absence of the Committee Chairman and / or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.

5. Notice of Meetings

- 5.1 Meetings of the Committee may also be summoned by the secretary of the Committee at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than 3 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated to all members of the Committee.

7. Duties

The duties of the Committee shall include the following:

Relationship with external auditors

- (a) to consider and make 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 resignation or dismissal of that auditor;
- (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; and to act as the key representative body for overseeing the Company's relations with the external auditor;



- (c) to develop and implement policy on the engagement of an external auditor to supply non-audit services. For this purpose, external auditor shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

Review of financial information of the Company

- (d) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, and interim report and to review significant financial reporting judgements contained in them. In this regard, in reviewing the Company's annual report and accounts, and interim report 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 Exchange Listing Rules and other legal requirements in relation to financial reporting;
- (e) in regard to (d) above:
 - (i) members of the Committee must liaise with the Board, 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 such reports and accounts and must 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 (including ESG risks) and internal control systems

- (f) to review the Company's financial controls, internal control and risk management systems;
- (g) to discuss with the management the risk management and internal control systems and ensure that management has discharged its duty to have an effective systems including the adequacy of resources, qualifications and experience of staff, 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;



- (h) to consider any findings of major investigations on risk management and internal control matters as delegated by the board or on its own initiative and management's response;
- (i) where an internal audit function exists, to ensure coordination 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 the effectiveness of the internal audit function;
- (j) to review the Group's financial and accounting policies and practices;
- (k) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
- (l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; and
- (m) 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. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

Others

- (n) to report to the Board on the matters set out in the code provisions as stated in Appendix 14 of the Exchange Listing Rules from time to time; and
- (o) to consider other topics, as defined by the Board.

8. Reporting Responsibilities

- 8.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9. Others

- 9.1 The Committee shall, at least twice a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 9.2 The Chairman or another member of the Committee shall attend the Company's annual general meetings and be prepared to respond to questions raised by shareholders on the Committee's activities and responsibilities.



10. Authority

10.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company or its subsidiaries in order to perform its duties.

10.2 In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice.

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If the above terms of reference or any of them are inconsistent with the Listing Rules (as amended from time to time), such term or terms of reference will cease to have effect and be replaced by the same as provided for in the Listing Rules so that the above terms of reference will be in full compliance with the Listing Rules.