



**2. CHAIRMAN**

2.1 The chairman of the Committee shall be appointed by the Board and must be an independent non-executive director.

**3. SECRETARY**

3.1 The secretary of the Company (the “**Company Secretary**”) shall be the secretary of the Committee. The Company Secretary or, in his/her absence, his/her delegate(s) or any person elected by the members present at the meeting of the Committee, shall attend the meeting of the Committee and take minutes.

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**4. PROCEEDINGS OF THE COMMITTEE MEETINGS**

Unless otherwise specified hereunder, the provisions contained in the Company’s Articles of Association (as amended from time to time) for regulating proceedings of directors’ meetings shall apply to the meetings of the Committee.

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**4.1 Quorum**

4.1.1 The quorum for meetings of the Committee shall be any two members.

4.1.2 The secretary of a Committee meeting shall ascertain, at the beginning of the meeting, the existence of any conflict of interest and minute them accordingly. The relevant member of the Committee shall not be counted towards the quorum and he/she must abstain from voting on any resolution of the Committee in which he/she or any of his/her close associates has a material interest.

**4.2 Frequency of meetings**

4.2.1 The Committee shall hold at least two regular meetings in a year to review and discuss the interim and annual financial statements of the Company. Additional meetings of the Committee may be held as and when required.

4.2.2 The Committee shall meet with the external auditor of the Company at least twice a year. The external auditor may request a meeting if they consider necessary.

**4.3 Attendance at meetings**

4.3.1 Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication or in such other manner as the members may agree.

4.3.2 The Chief Financial Officer, the head of internal audit (if any), relevant senior management and representative(s) of the external auditor shall normally attend meetings of the Committee. Where appropriate or required, other directors and person(s) invited by a Committee member may attend Committee meetings.

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**4.4 Notice of meetings**

4.4.1 A meeting of the Committee may be convened by any of its members or by the Company Secretary.

4.4.2 Unless otherwise agreed by all the members of the Committee, notice of at least 14 days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given.

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4.4.3 Agenda and accompanying supporting papers shall be sent, in full, to all members of the Committee and to other attendees as appropriate at least 3 days before the date of the meeting (or such other period as the members may agree).

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#### **4.5 Minutes of meetings**

4.5.1 The secretary of a Committee meeting shall record in sufficient detail the matters considered by the Committee and decisions reached, including the names of those present and in attendance and any concerns raised by any member of the Committee and/or dissenting views expressed.

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4.5.2 Draft and final versions of minutes of a Committee meeting shall be sent to all Committee members for their comment and records respectively, within a reasonable time after the meeting is held.

4.5.3 Minutes of meetings of the Committee shall be kept by the Company Secretary and shall be available for inspection by any member of the Committee or the Board at any reasonable time on reasonable notice.

#### **4.6 Written resolutions**

4.6.1 Without prejudice to any requirement under the Listing Rules, written resolution may be passed and adopted by all members of the Committee.

### **5. RESPONSIBILITIES AND AUTHORITIES OF THE COMMITTEE**

5.1 The responsibilities and authorities of the Committee shall include such responsibilities and authorities set out in the relevant code provisions of the “Corporate Governance Code and Corporate Governance Report” (the “**CG Code**”) as contained in Appendix 14 to the Listing Rules (as amended from time to time).

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5.2 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.

5.3 Without prejudice to any requirement under the CG Code, the duties of the Committee include the following:

**5.3.1 Relationship with the Company's auditor**

- (a) To act as the key representative body for overseeing the Company's relations with the external auditor, and 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 to consider 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, and to 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.

### 5.3.2 Review of the Company's financial information

- (d) To monitor 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 judgments contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:

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- (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.
- (e) Regarding (d) above:
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  - (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 auditor; 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.



- (l) To ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter.
  
- (m) To report to the Board on the matters set out herein.
  
- (n) To consider other topics, as defined by the Board.
  
- (o) 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.

5.4 Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, 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.

5.5 The Committee shall be provided with sufficient resources to perform its duties and shall have access to independent professional advice if necessary.



