



# SINGASIA HOLDINGS LIMITED

星亞控股有限公司\*

(the “Company”)

*(Incorporated in the Cayman Islands with limited liability)*

## TERMS OF REFERENCE FOR THE AUDIT COMMITTEE (THE “COMMITTEE”)

*(Adopted by the Company on 20 June 2016 and revised on 3 January 2019)*

### 1. MEMBERSHIP

- 1.1 Members of the Committee shall be appointed by the board (the “**Board**”) of directors of the Company.
- 1.2 The Committee must consist of a minimum of three members, all of whom must be non-executive directors.
- 1.3 The majority of the members of the Committee must be independent non-executive directors (the “**INEDs**”) of the Company, at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise as required under rule 5.05(2) of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.
- 1.4 A former partner of the Company’s existing auditing firm (the “**Firm**”) should be prohibited from acting as a member of the Company’s audit committee for a period of two years from the date of the person ceasing:
  - (a) to be a partner of the Firm; or
  - (b) to have any financial interest in the Firm, whichever is later.

### 2. CHAIRMAN

- 2.1 The chairman of the Committee shall be appointed by the Board and must be an INED. In the absence of such chairman, the members of the Committee present shall choose one of their number to act as chairman to chair the meeting.

\* For identification purposes only

### **3. SECRETARY**

3.1 The company secretary (the “**Company Secretary**”) of the Company shall be the secretary of the Committee. In the absence of the Company Secretary, 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.

### **4. PROCEEDINGS OF THE COMMITTEE**

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

#### **4.1 Quorum**

4.1.1 The quorum for meetings of the Committee shall be two members, at least one of whom shall be INED.

#### **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 auditors at least twice a year. The external auditors 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 financial controller, other directors, Company Secretary (or his/her delegate(s)), relevant senior management and persons(s) invited by an Committee member and representative(s) of the external auditors may attend meetings of the Committee from time to time where the Committee considers their presence necessary or appropriate to assist the Committee to perform its duties.

#### **4.4 Notice of meetings**

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

4.4.2 Unless otherwise agreed by all the members of the Committee, notice (containing details of the venue, time and date of the meeting) 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.

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

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

4.5.1 Draft and final versions of minutes of Committee meetings shall be sent to all Committee members for their comment and records within a reasonable time after the meeting.

4.5.2 Full minutes of the Committee meetings 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 GEM Listing Rules including but not limited to the requirement to hold meetings at least twice a year, 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 (the “**CG Code**”) as contained in Appendix 15 of the GEM Listing Rules (as amended from time to time).

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

#### **Relationships with the Company’s auditors**

(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 their 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 accounting 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 provide 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**

- (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:
  - (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 GEM Listing Rules and legal requirements in relation to financial reporting;
- (e) Regarding to (d) above:
  - (i) members of the Committee should liaise with the Board and the senior management of the Company 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**

- (f) to review the Company's financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;
- (g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have risk management and 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;
- (h) 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;
- (i) 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;
- (j) to review the Company and its subsidiaries' financial and accounting policies and practices.
- (k) 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;
- (l) to ensure that an external auditor's provision of non-audit services does not impair its independence or objectivity;
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (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; and
- (p) to report to the Board on the matters set out above.

- 5.3 The Committee shall be provided with sufficient resources to perform its duties and shall seek, at the Company's expense, independent professional advice to perform its responsibilities where necessary.
- 5.4 All members of the Committee shall have access to the advice and services of the Company Secretary, and separate and independent access to the Company's senior management for obtaining necessary information.

## **6. REPORTING RESPONSIBILITIES**

- 6.1 The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 6.2 Where the Board disagrees with the Committee's views on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the corporate governance report a statement from the Committee explaining its recommendations and also the reason(s) why the Board has taken a different view.

## **7. ANNUAL GENERAL MEETING**

- 7.1 The chairman of the Committee or in his absence, another member of the Committee or failing this, his duly appointed delegate, shall attend the annual general meeting (the "**Annual General Meeting**") of the Company and be prepared to respond to questions at the Annual General Meeting on the Committee's work and responsibilities.

## **8. AMENDMENTS TO TERMS AND AVAILABILITY OF TERMS**

- 8.1 The Committee shall, from time to time, review its own performance, constitution and terms of reference to ensure that it is operating effectively, and recommend any changes it considers to the Board for approval.
- 8.2 The terms may be reviewed by the Board from time to time taking into consideration the operations of the Committee and its contribution to the corporate governance of the Company, as well as any amendments to the GEM Listing Rules from time to time.
- 8.3 The Committee shall make available these terms by publishing them on the websites of the Stock Exchange of Hong Kong Limited and the Company.

*Note:* If there is any inconsistency between the English and Chinese versions of these Terms of Reference, the English version shall prevail.