

# **Shuang Yun Holdings Limited**

**雙運控股有限公司**

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

**(Stock Code : 1706)**

## **TERMS OF REFERENCE FOR AUDIT COMMITTEE**

### **1. Membership**

- 1.1 The members (the “Member(s)”) of the Audit Committee of the Company (the “Audit Committee”) shall be appointed by the board of Directors (the “Board”) of Shuang Yun Holdings Limited (the “Company”) from time to time.
- 1.2 Membership shall be confined to non-executive Directors the majority of which shall be independent non-executive Directors (the “INED(s)”), and at least one INED shall be with appropriate professional qualifications or accounting or related financial management expertise as required under Chapter 3 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).
- 1.3 The Audit Committee shall consist of not less than three Members.
- 1.4 A former partner of the Company’s existing auditing firm shall be prohibited from acting as a Member for a period of two years from the later date of the person ceasing (a) to be a partner of the firm; or (b) to have any financial interest in the firm.
- 1.5 The Chairman of the Audit Committee shall be appointed by the Board and shall be an INED.

### **2. Secretary**

- 2.1 The Company Secretary of the Company shall serve as the secretary of the Audit Committee.

*(Adopted in November 2018)*

### **3. Meetings**

- 3.1 Meetings of the Audit Committee shall be held not less than twice a year and may be convened by any Member or by the secretary of the Audit Committee. Notice of a meeting of the Audit Committee may be given in writing or by telephone or by facsimile or electronic transmission or other similar means or in such other manner as the Audit Committee may from time to time determine.
- 3.2 The quorum of a meeting of the Audit Committee shall be any two Members.
- 3.3 Meetings of the Audit Committee can be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 3.4 Resolutions of the Audit Committee at any meetings shall be passed by a simple majority of votes of the Members present.
- 3.5 A resolution in writing signed by all the Members shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.
- 3.6 The secretary of the Audit Committee shall circulate the full minutes of meetings of the Audit Committee to all Members in draft for comments as soon as reasonably practicable. Final versions of the minutes shall be prepared and sent to all Members and to the Board as soon as practicable.

### **4. Attendance at Meetings**

- 4.1 The external auditors and other Board members or any other persons may be invited to attend all or part of any meetings.
- 4.2 Only Members are entitled to vote at the meetings.

### **5. Authority**

- 5.1 The Audit Committee shall have the right to require the Company's management to furnish such available information on any matter relating to the financial position of the Company and its subsidiaries or affiliates, as may be required for the purposes of performing its duties.

- 5.2 The Audit Committee is authorised by the Board to obtain independent legal or other professional advice if considered necessary to perform its duties at the expense of the Company.
- 5.3 The Audit Committee shall be provided with sufficient resources to perform its duties.

## **6. Responsibilities, Powers and Duties**

The Audit Committee shall have the following responsibilities, powers and duties:

### *Relationship with the Company's auditors*

- 6.1 to act as the key representative body for overseeing the Company's relations with the external auditor;
- 6.2 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;
- 6.3 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 6.4 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 Audit 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*

- 6.5 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 judgements contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:–

- (a) any changes in accounting policies and practices;
- (b) major judgmental areas;
- (c) significant adjustments resulting from audit;
- (d) the going concern assumptions and any qualifications;
- (e) compliance with accounting standards; and
- (f) compliance with the Listing Rules and legal requirements in relation to financial reporting;

6.6 Regarding 6.5 above:-

- (i) the Members should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and
- (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report 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*

- 6.7 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;
- 6.8 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;
- 6.9 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;

- 6.10 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;
- 6.11 to review the Group's financial and accounting policies and practices;
- 6.12 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;
- 6.13 to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- 6.14 to report to the Board on the matters in the relevant code provision stated in Appendix 14 to the Listing Rules;
- 6.15 to consider other topics, as defined by the Board; and
- 6.16 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 Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

*Remark: "senior management" refers to the same persons referred in the Company's annual report and required to be disclosed under Appendix 16 of the Listing Rules.*