

**DINGYI GROUP INVESTMENT LIMITED**  
**鼎億集團投資有限公司**  
**(“Company”)**

**Terms of Reference of**  
**Audit Committee (“Committee”)**

**CONSTITUTION**

The Committee is established by the Board (“Board”) of Directors (“Directors”) of the Company.

**MEMBERSHIP**

The Committee shall be appointed by the Board and shall comprise a minimum of 3 non-executive Directors. The majority of the members of the Committee shall be independent non-executive Directors, at least one of whom has appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

A former partner of the Company’s existing auditing firm shall be prohibited from acting as a member of the Committee for a period of 1 year from the date of his ceasing to be a partner of the firm or to have any financial interest in the firm, whichever is later.

The chairman of the Committee (“Chairman”) shall be appointed by the Board and be an independent non-executive Director.

**SECRETARY**

The company secretary shall be the secretary of the Committee (“Secretary”). However, if the Secretary is not able to attend the meeting, he/she may appoint a person as his/her alternate to attend the meeting and perform his/her duties thereat.

**QUORUM**

A quorum of the meeting shall be 2 members.

**ATTENDANCE AT MEETINGS**

The finance controller, the head of internal audit and a representative of the external auditors shall normally attend meetings. Other Directors shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditors without executive Board members present.

## **FREQUENCY OF MEETINGS**

Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider it is necessary.

## **AUTHORITY**

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.

The Committee is authorized by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

## **DUTIES**

The duties of the Committee shall include:

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

- a. to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal;
- b. to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- c. to discuss with the external auditors before the audit commences, the nature and scope of the audit and reporting obligations, and ensure co-ordination where more than one audit firm is involved;
- d. to develop and implement policy on engaging an external auditors to supply non-audit services. For this purpose, "external auditors" 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 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 informations*

- e. to monitor integrity of and to review significant financial reporting judgments contained in the Company's financial statements and annual report and accounts, interim report and, if prepared for publication, quarterly reports before submission to the Board, focusing 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 Listing Rules and legal requirements in relation to financial reporting.
- f. Regarding (e) 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 reports and accounts and 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;
- g. to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);

*Oversight of the Company's financial reporting system and internal control procedures*

- h. to review the Company's financial controls, internal control and risk management systems prior to endorsement by the Board;
- i. to discuss with management the system of internal control and ensure that management has performed its duty to have an effective internal control system. 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;
- j. to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- k. 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 monitor and review its effectiveness;
- l. to review the group's financial and accounting policies and practices;
- m. to review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response and to ensure that the Board provide a timely response to the issues raised;
- n. to report to the Board on the matters in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules;

- o. to consider other topics, as defined by the Board;
- p. 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; and
- q. to act as the key representative body for overseeing the Company's relations with the external auditors.

The Chairman or in the absence of the Chairman, another member of the Committee or failing this, his duly appointed delegate, shall attend an annual general meeting and be prepared to answer any questions from shareholders of the Company on the Committee's activities.

#### **REPORTING PROCEDURES**

The Secretary shall circulate the draft and final versions of minutes of meetings to all Committee members for their comment and records within a reasonable time after the meeting and such minutes should be kept by the Secretary.