



**MAN YUE TECHNOLOGY HOLDINGS LIMITED**  
**萬裕科技集團有限公司**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 00894)**

## **Terms of Reference of the Audit Committee**

adopted on 23 June 1999, and  
amended on 30 December 2021 by the Board of Directors

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(the “Company”)

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**Constitution**

1. The board of directors of the Company (the “Board”) resolved on 23 June 1999 to establish a committee of the Board known as the Audit Committee (the “Committee”).

**Objective**

2. The Committee is to assist the Board in providing an independent review of the effectiveness of the financial reporting process, risk management and internal control systems of the Company and environmental, social and governance (“ESG”) management.

**Membership**

3. The chairman and members of the Committee shall be appointed by the Board. The Committee shall consist of a minimum of three members, at least one of whom is an independent non-executive director of the Company with appropriate professional qualifications or accounting or related financial management expertise as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). All Committee members shall be non-executive directors and the majority of the Committee members must be independent non-executive directors of the Company.
4. A former partner of the Company’s existing auditing firm is prohibited from acting as a member of the Committee for a period of two years from the date of the person ceasing (i) to be a partner of the firm; or (ii) to have any financial interest in the firm, whichever is later.
5. The Committee must be chaired by a Committee member who is an independent non-executive director of the Company.

**Committee secretary**

6. The company secretary of the Company (“Company Secretary”) or his/her delegate shall act as the secretary of the Committee.

**Quorum and voting**

7. The quorum of the Committee’s meeting shall be two Committee members, at least one of whom shall be an independent non-executive director of the Company. Questions arising at any Committee’s meeting shall be decided by a majority of votes. In the case of equality of votes, the chairman of the meeting shall have an additional or casting vote.

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**Attendance at meetings**

8. A representative at managerial level or above from the Finance Department of the Company and a representative of the external auditor of the Company (the “Auditor”) shall normally attend the Committee’s meetings. However, the Committee may invite the Board members and/or other person(s) to attend part or whole of its meetings as necessary to assist it to discharge its duties.

**Frequency of meetings**

9. Meetings of the Committee shall be held not less than twice a year. The Auditor may request a meeting if they consider that one is necessary.

**Arrangement for and notices of meetings**

10. All meetings of the Committee will be called by the secretary or the chairman of the Committee or any person(s) as instructed by the chairman of the Committee, or at the request of the Board.
11. Notices of at least 14 days shall be given to all members of the Committee for regular meetings of the Committee. For all other meetings, reasonable notices shall be given.
12. If any member of the Committee wishes to include any matter in the agenda for a particular regular meeting of the Committee after the issue of the notice of such meeting, he or she may notify the secretary of the Committee the proposed matter(s) in writing within seven days after the notice of the regular meeting is given.

**Minutes of meetings**

13. The minutes of meetings of the Committee shall be kept by the secretary of the Committee.
14. The draft and final versions of each minutes of the Committee’s meeting shall be sent to all Committee members for their comments and records within a reasonable period of time after the meeting was held. Minutes of meetings of the Committee are open for inspection by any directors of the Company at the principal place of business of the Company in Hong Kong at any reasonable time after a reasonable prior notice has been served on the secretary of the Committee.

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**Authority**

15. The Committee is authorised by the Board:
- (a) to investigate any activity within its terms of reference;
  - (b) to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee;
  - (c) to engage independent counsel and other independent professional advices as it deems necessary to carry out its duties at the Company’s expenses; and
  - (d) to carry out the corporate governance and ESG management duties.
16. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise of it considers this necessary at the Company’s expenses.

**Duties**

17. The duties of the Committee shall be:

*Relationship with the Auditor of the Company*

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the Auditor, and to approve the remuneration and terms of engagement of the Auditor, and any questions of its resignation or dismissal;
- (b) to review and monitor the 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;
- (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;

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- (d) to act as the key representative body for overseeing the Company’s relations with the Auditor;

*Review of financial information of the Company*

- (e) to monitor integrity of the Company’s financial statements and annual report and accounts, half-year report and quarterly reports (if applicable), and to review any 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 Listing Rules and legal requirements in relation to financial reporting;

- (f) Regarding (e) above:

- (i) Committee members should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Auditor; and
- (ii) the 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 Auditor;

*Oversight of the Company’s financial reporting system, risk management and internal control systems*

- (g) to review the Company’s financial controls and risk management and internal control systems;

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- (h) 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;
- (i) 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;
- (j) to ensure co-ordination between the internal auditors and the Auditor, 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;
- (k) to review the financial and accounting policies and practices of the Company and its subsidiaries;
- (l) to review the 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;
- (m) to ensure the Board will provide a timely response to the issues raised in the Auditor’s management letter;
- (n) to report to the Board on the matters set out in the code provisions as set out in Appendix 14 to the Listing Rules;
- (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. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

*Oversight of the development and implementation of ESG Strategy and Policies*

- (p) to develop and review the Company’s policies and practices on ESG and make recommendations to the Board;
- (q) to oversee the evaluation and management of ESG-related issues and report to the Board;

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- (r) to review and monitor the progress made against ESG-related goals and targets and make recommendations to the Board;
- (s) to review the Company’s compliance with the Listing Rules on disclosure of ESG-related issues in the ESG Report;
- (t) to evaluate and determine ESG-related risks and opportunities, and ensuring that appropriate and effective ESG risk management and internal control system are in place; and
- (u) to consider other topics, as defined by the Board from time to time.

**Reporting procedure**

18. The chairman of the Committee shall report formally to the Board on the Committee’s proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its duties and responsibilities where action or improvement is needed.