



**S E A H O L D I N G S L I M I T E D**  
爪 哇 控 股 有 限 公 司\*  
(the "Company")

**Terms of Reference of the Audit Committee**

**1. Membership**

- 1.1 Members of the Audit Committee shall be appointed by the Board of Directors of the Company (the "Board").
- 1.2 Membership of the Audit Committee is open only to non-executive Directors.
- 1.3 The Audit Committee must comprise of a minimum of three members and a majority of whom shall be independent non-executive Directors.
- 1.4 Unless otherwise determined by the Board, a former partner of the Company's existing auditing firm should be prohibited from acting as a member of the Audit Committee for a period of two years from the date of his ceasing (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is later.
- 1.5 One of the members of the Audit Committee shall be an independent non-executive director with the appropriate professional qualifications or accounting or related financial management expertise.

**2. Chairman**

- 2.1 The Board shall appoint the chairman of the Audit Committee. The chairman must be an independent non-executive Director and has the responsibility of liaising with the Board.
- 2.2 The chairman of the Audit Committee shall chair the meetings of the Audit Committee.
- 2.3 In the absence of the chairman of the Audit Committee, the remaining members present shall elect one of themselves to chair the meetings of the Audit Committee.

**3. Secretary**

- 3.1 The Company Secretary or his/her delegate shall be the secretary of the Audit Committee.
- 3.2 The secretary of the Audit Committee or his/her delegate shall attend meetings of the Audit Committee to take minutes.
- 3.3 In the absence of the secretary of the Audit Committee, the members present at the meeting of the Audit Committee shall elect another person as the secretary.

\* For identification purpose only

## **4. Quorum**

- 4.1 The quorum necessary for the transaction of business shall be two members.
- 4.1.1 If only two members are in attendance, then both members shall be independent non-executive Directors.
- 4.1.2 If more than two members are in attendance, then a majority of the members shall be independent non-executive Directors.
- 4.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant member of the Audit Committee shall not be counted towards the quorum and he/she must abstain from voting on any resolution of the Audit Committee in which he/she and/or his/her associates have a material interest.
- 4.3 A duly convened meeting of the Audit Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit Committee.

## **5. Frequency of meetings**

- 5.1 The Audit Committee shall meet at least twice a year and at such other times as the chairman of the Audit Committee shall require.
- 5.2 Any member of the Audit Committee, the internal auditors or the external auditors may request a meeting if they consider that one is necessary.

## **6. Attendance at meetings**

- 6.1 Members of the Audit Committee may attend meetings of the Audit Committee either in person or through other electronic means of communication.
- 6.2 Should any member of the Audit Committee wish to attend a meeting through electronic communications, prior arrangements shall be made with the secretary of the Audit Committee.
- 6.3 Apart from the members of the Audit Committee, the finance director, the financial controller and representative(s) of the external auditors shall normally attend the meetings. Other Board members shall also have the right of attendance. However, at least twice a year the Audit Committee shall meet with the external auditors.

## **7. Notices of meetings**

- 7.1 Meetings of the Audit Committee shall be summoned by the secretary of the Audit Committee at the request of any of its members.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Audit Committee, and to any other person required to attend within a reasonable time prior to the date of the meeting.
- 7.3 Supporting papers shall be sent to Audit Committee members and to other attendees as appropriate, at least 3 days before the date of the meeting.
- 7.4 Any member of the Audit Committee shall be entitled, by notice to the secretary of the Audit Committee, to include other matters relevant to the functions of the Audit Committee in the agenda of an Audit Committee meeting.

## **8. Minutes of meetings**

- 8.1 The secretary of the Audit Committee (or his/her delegate) in attendance at the meetings of the Audit Committee shall minute in sufficient detail the proceedings and resolutions of all such meetings, including the names of those present and in attendance. The minutes should also include any concerns raised by any member of the Audit Committee and/or dissenting views expressed.
- 8.2 Draft and final versions of minutes of the Audit Committee meetings shall be sent to all Audit Committee members for their comments and records within a reasonable time after the meeting.
- 8.3 Minutes of the Audit Committee meetings shall be kept by the secretary of the Audit Committee and shall be available for inspection by any member of the Audit Committee or Director at any reasonable time on reasonable notice.

## **9. Annual General Meeting**

- 9.1 The chairman of the Audit Committee, or in the absence of the chairman, another member of the Audit Committee or failing this, his/her duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to any Shareholders' questions on the Audit Committee's activities.

## **10. Duties**

The Audit Committee shall be responsible for:

- 10.1 considering, and be primarily responsible for making recommendations to the Board on, the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- 10.2 reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable accounting standards;
- 10.3 discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences, and ensuring co-ordination where more than one audit firm is involved;
- 10.4 developing and implementing 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 shall report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- 10.5 reviewing and monitoring the integrity of the interim and annual financial statements, reports and accounts of the Company and reviewing any 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 the audit;

- (d) the going concern assumptions and any qualifications;
- (e) compliance with accounting standards; and
- (f) compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other legal requirements in relation to financial reporting.

In regard to the above, members of the Audit Committee should liaise with the Board and senior management and the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and 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 of the Company;

- 10.6 reviewing 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;
- 10.7 discussing 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;
- 10.8 considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings;
- 10.9 (where an internal audit function exists) ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- 10.10 reviewing the Group's financial and accounting policies and practices;
- 10.11 reviewing 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 the management's response;
- 10.12 ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- 10.13 reporting to the Board on the matters set out herein and, in particular, the matters required to be performed by the Audit Committee under the Corporate Governance Code;
- 10.14 reviewing arrangements which 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;
- 10.15 acting as the key representative body for overseeing the Company's relations with the external auditor; and
- 10.16 dealing with other matters delegated by the Board from time to time.

## **11. Report responsibilities**

- 11.1 The chairman of the Audit Committee shall report formally to the Board on proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Audit Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 Where the Board disagrees with the Audit Committee's views on the selection, appointment and resignation or dismissal of the external auditor, the Audit Committee shall prepare a statement, for inclusion in the Company's Corporate Governance Report, explaining its recommendations. The Board shall include in the same report the reason(s) why the Board takes a different view.

## **12. Others**

- 12.1 The Audit Committee shall have access to sufficient resources in order to perform its duties. In the event that the Audit Committee determines that it has insufficient resources, it may make a request for additional resources to the Chief Executive. If the request for additional resources is denied, the Audit Committee may, if it chooses, make a request to the Board through the Company Secretary. The Board shall convene a Board meeting as soon as reasonably practicable to consider the request.
- 12.2 All members of the Audit Committee shall have access to the advice and services of the secretary of the Audit Committee with a view to ensuring that procedures of the Audit Committee and all applicable rules and regulations are followed.
- 12.3 In the event that the Audit Committee or any member of the Audit Committee requires access to independent professional advice in connection with his/her duties, a request may be made to the Company Secretary. All such requests shall be processed in accordance with the Company's pre-defined procedures for seeking independent professional advice at the Company's expense.

## **13. Authority**

- 13.1 The Audit Committee is authorized by the Board to perform any activities within its terms of reference.

Date: 19 December 2018