



# **ITE (HOLDINGS) LIMITED**

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

**(Stock Code: 8092)**

## **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

### **1. Adoption of Terms of Reference**

The terms of reference of the Audit Committee of the Company (the “**Committee**”) were amended and adopted by the board (the “**Board**”) of directors (the “**Directors**”) of ITE (Holdings) Limited (the “**Company**”) on 14 June 2024.

### **2. Membership**

The Committee shall comprise a minimum of three independent non-executive Directors. The majority of the Committee members shall be independent non-executive Directors and at least one of whom is an independent non-executive Director possess appropriate professional qualifications or accounting or related financial management expertise.

The Chairman of the Committee shall be appointed by the Board and must be an independent non-executive Director.

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 two year from the date of his/her ceasing (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is later.

The company secretary of the Company shall be the secretary of the Committee. In the absence of the secretary of the Committee, Committee members present at the meeting may elect among themselves or appoint another person as the secretary for that meeting.

### **3. Frequency and proceedings of meetings**

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.

The Committee shall meet with external auditor at least twice a year. The external auditor may request a meeting if they consider necessary.

The quorum of the Committee meeting shall be two members.

Meetings of the Committee may be held either in person or through electronic means of communication or in such other manner as the members may agree.

#### **4. Notices and Minutes of Meetings**

Unless otherwise agreed, notice of each meeting setting out the venue, time and date on which it is to be held, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee 7 days prior to the date of the meeting.

Committee members could include any matters in the agenda for regular Committee meetings.

Resolutions of the Committee at any meetings shall be passed by a majority of votes of the members present. The Secretary shall minute the proceedings and resolutions of all Committee meetings. Minutes of Committee meetings should record in sufficient detail the matters considered by the Committee and decisions reached, including any concerns raised by members or dissenting views expressed.

Full minutes shall be kept by a duly appointed secretary of the meeting. Draft and final versions of minutes shall be circulated to all members for their comment and records respectively, in both cases within a reasonable period of time after the meeting. Such minutes shall be open for members' inspection.

#### **5. Duties of the Committee**

The responsibility of the Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting system, risk management and internal control systems. The Committee shall have the following responsibilities and powers:

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

- (a) 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;
- (b) to review and monitor the external 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 the engagement of an external auditor to supply non-audit services. For this purpose, external auditor shall 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 having knowledge of 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 financial information of the Company***

- (d) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, interim 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:-
- any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments resulting from audit;
  - the going concern assumptions and any qualifications;
  - compliance with accounting standards; and
  - compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and other legal requirements in relation to financial reporting;
- (e) in regard to (d) above:-
- members of the Committee must liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's external auditors; and
  - the Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must 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 effective systems. The 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 coordination 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 financial and accounting policies and practices of the Company and its subsidiaries;

- (k) to review the external auditor's management letter, any material queries raised by the auditor to the management about accounting records, financial accounts or systems of control and the management's response;
- (l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (m) to report to the Board on the matters set out in these terms of reference;
- (n) to review the arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, 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;
- (o) to act as the key representative body for overseeing the Company's relations with the external auditor; and
- (p) to consider other topics, as defined by the Board.

## **6. Authority**

The Committee is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any reasonable request made by the Committee.

The Committee is authorised to obtain any independent professional advice, at the Company's expense, from any person if it considers necessary to perform its duties.

## **7. Reporting Responsibilities**

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).

## **8. Annual General Meeting**

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 of the Company (the "AGM") and be prepared to respond to questions at the AGM on the Committee's work and responsibilities.

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