



MELBOURNE ENTERPRISES LIMITED

萬邦投資有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 158)

Terms of Reference of Audit Committee

Membership

1. Members of the Audit Committee (the “Committee”) shall be appointed by the board of Directors of the Company (the “Board”). It shall consist of not less than three members, at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).
2. The majority of the Committee members shall be independent non-executive Directors.
3. 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 years 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.
4. The Chairman of the Committee shall be appointed by the Board and must be an independent non-executive Director.
5. The Company Secretary or such other person appointed by the Chairman of the Committee shall be the secretary of the Committee.

Attendance at Meetings

6. Normally, the Head of Finance and one or more representative(s) of the external auditor shall attend the meeting.
7. The Committee Chairman may invite any Board member or senior management of the Company or any other person to attend any of its meetings as the Committee Chairman may from time to time consider desirable to assist the Committee in the discharge of its responsibilities.

Frequency of Meetings

8. The Committee shall meet at least twice a year to review and discuss the interim and annual financial statements of the Company and as otherwise required.

Notice of Meetings

9. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member of the Committee.

Quorum

10. The quorum necessary for the transaction of business of the Committee shall be two.

Minutes of Meetings

11. Full minutes of the Committee meetings shall be kept by the secretary of the Committee.
12. Draft and final versions of minutes of the meetings shall be sent to all Committee members for their comment and records within a reasonable time after each meeting.

Authority

13. The Committee shall be provided with sufficient resources to perform its duties.
14. The Committee is authorized by the Board:
 - (a) to carry out such related matters in accordance with its terms of reference;
 - (b) to obtain any information it requires from any employees of the Company and all the employees of the Company are required to co-operate with any request made by the Committee; and
 - (c) to seek legal or other independent professional advice, at the Company's expense, to perform its responsibilities, and such advisor(s) may attend meetings as necessary;

Duties

15. The duties of the Committee shall include:-

Relationship with the Company's auditors

- (a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment 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 shall 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 shall report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) to act as the key representative body for overseeing the Company’s relationship with the external auditor;

Review of the Company’s financial information

- (e) to monitor integrity of the Company’s financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports (if applicable), and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Committee shall 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) Regard (e) above: -
 - (i) members of the Committee shall liaise with the Board and senior management and the Committee shall meet, at least twice a year, with the Company’s auditors; and
 - (ii) the Committee shall consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it shall 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 person occupying the same position) or auditors;

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

- (g) to review the Company’s financial controls, risk management and internal control systems;
- (h) to ensure that the effectiveness of the risk management and internal control

systems of the Company and its subsidiary(ies) (collectively the “Group”) is reviewed at least annually, and management to provide a confirmation on the effectiveness of these systems, and the scope of review should cover all material controls, including financial, operational and compliance controls;

- (i) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have appropriate and effective systems for the purposes of dealing with identified risks, safeguarding assets, preventing and detecting fraud, misconduct and loss. This discussion shall include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s accounting, internal audit and financial reporting function, as well as those relating to the Company’s environmental, social and governance performance and reporting;
- (j) 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;
- (k) to ensure co-ordination between the internal audit function and external auditors, to review and approve the internal audit plan, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;
- (l) to review the Group’s financial and accounting policies and practices;
- (m) 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;
- (n) to ensure that the Board will provide a timely response to the issues raised in the external auditor’s management letter;
- (o) to report to the Board on the matters in the code provisions as set out in the Corporate Governance Code of the Listing Rules;
- (p) to review the arrangements available to the Company’s employees to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (q) to review the Group’s findings of investigations and follow-up actions;

Corporate Governance Function Delegated by the Board

- (r) to develop and review the Company’s policies and practices on corporate governance, including policies and practices on anti-bribery and anti-corruption and whistleblowing, ensure their relevance and effectiveness, and make recommendations to the Board;
- (s) to give due consideration to applicable laws and regulations, including the

Listing Rules; and

Others

- (t) to consider any other matters specifically referred to the Committee by the Board.

- 16. Without prejudice to the generality of the foregoing, the Committee shall report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements). The reporting shall be done by the Chairman of the Committee or any such other person designated by the Committee.

Review

- 17. The Committee shall periodically review the adequacy of these terms of reference and recommend to the Board any necessary changes.

Publication of the Terms of Reference

- 18. The Committee shall make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on both the Company's website and the website of the Stock Exchange.

Revised on 28 May 2025