

# PEACE MAP HOLDING LIMITED

## 天下圖控股有限公司

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

(the “**Company**”)

(**Stock Code: 402**)

### TERMS OF REFERENCE OF AUDIT COMMITTEE

*(current version adopted by the board of directors of the Company on 9 November 2015<sup>1</sup>)*

#### 1 Membership

- (a) All members of the audit committee (the “**Committee**”) shall be appointed by the board of directors (“**Board**”) from amongst the non-executive directors of the Company and shall consist of not less than three (3) members, a majority of whom should be independent non-executive directors (“**INEDs**”). At least one member must be an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”). The constitution of the Committee shall comply with the requirements of the Listing Rules from time to time.
- (b) The chairman of the Committee shall be an INED.
- (c) A former partner of the Company’s existing auditing firm should be prohibited from acting as a member of the Committee for a period of 1 year commencing on the date of his ceasing:
- (i) to be a partner of the firm; or
  - (ii) to have any financial interest in the firm,
- whichever is the later.

<sup>1</sup> *Previous version was adopted on 25 February 2006 with amendments made on 17 July 2009.*

## **2 Attendance at Meetings**

- (a) The quorum for a meeting of the Committee shall be any two members. Each member shall carry one vote and in case of a tied resolution, the chairman shall have an extra vote to make on deciding a resolution.
- (b) The chairman of the Board and the finance director shall normally attend meetings of the Committee. A representative of the external auditors shall be invited to attend the Committee meetings where appropriate. Other staff who have specific responsibility for an area under review may also be invited to attend.
- (c) The company secretary shall be the secretary of the Committee who should attend all meetings of the Committee.
- (d) Members of the Committee may participate in a meeting of the Committee by means of telephone conference or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall be deemed to be presence at such meeting.

## **3 Frequency of Meetings**

Meetings shall be held not less than two times a year. The external auditors or any members of the Committee may request a meeting if they consider that one is necessary and upon the receipt of such request, the secretary of the Committee shall convene such a meeting as soon as reasonably practicable and having regard to the convenience of all members with priority given to the INEDs.

## **4 Committee's Resolutions**

- (a) Resolutions of the Committee at any meetings shall be passed by a majority of votes of the members of the Committee present.
- (b) A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the members of Committee. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

## **5 Authorities**

- (a) The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee or executive director and such persons are directed to co-operate with any request made by the Committee.
- (b) The Committee is authorised by the Board, and at the reasonable expense of the Company, to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- (c) The Committee shall report to the Board any suspected frauds or irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.
- (d) Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Committee should arrange to include in the corporate governance report in the annual report of the Company an explanation of the Committee's view and the reasons why the Board has taken a different view.
- (e) The Committee shall be provided with sufficient resources to discharge its duties.

## **6 General Responsibilities**

- (a) The Committee shall 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 shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (b) The Committee shall act as the key representative body for overseeing the Company's relations with the external auditor;

- (c) The chairman of the Committee, or in the absence of the chairman, another member of the Committee or failing this his duly appointed delegate, shall be available to answer questions at the annual general meeting of the Company.
- (d) The Committee shall fulfill other responsibilities as required by the Listing Rules from time to time.

## **7 Duties**

The duties of the Committee shall be :

### ***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 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.

### ***Review of financial information of the Company***

- (d) to monitor integrity of the financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In this regard, in reviewing the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly 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 requirements under the Listing Rules and other regulatory and legal requirements.
- (e) in regard to (d) above :
  - (i) members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditors; 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 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 issuer'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. 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;
- (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 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 review and monitor its effectiveness;
- (j) to review the group's financial and accounting policies and practices;
- (k) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and 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 above matters ; and
- (n) to consider other topics, as defined by the Board.

## **8 Reporting Procedures**

- (a) The Committee shall report to the Board. At the next meeting of the Board following a meeting/written resolution of the Committee, the company secretary shall submit to the Board copies of the minutes/written resolutions setting out the findings, recommendations and decisions of the Committee.
- (b) Full minutes of Committee meetings shall be kept by the secretary of the Committee. Draft and final versions of minutes of Committee meetings shall be sent to all members of the Committee for their comment and records respectively within a reasonable time after the meeting.

**9 Availability and update of the terms of reference**

- (a) These terms of reference shall be updated and revised as and when necessary in light of changes made to the Listing Rules.
- (b) These terms of reference shall be made available on the Hong Kong Stock Exchange's website and the Company's website.