



盛源控股有限公司

SHENG YUAN HOLDINGS LIMITED

TERMS OF REFERENCE OF THE BOARD COMMITTEES

Remuneration Committee

The Remuneration Committee shall be appointed by the board of directors of the Company and shall be responsible for reviewing any significant changes in human resources policies and structure made in line with the then prevailing trend and business requirements. Responsibilities of the Remuneration Committee shall be:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
2. to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The remuneration committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;
3. to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
4. to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
5. to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements

are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

6. to ensure that no director or any of his associates is involved in deciding his own remuneration; and
7. to advise the shareholders on how to vote in respect of any service contract of director which shall be subject to the approval of shareholders (in accordance with the provisions of Rule 13.68 of the Listing Rules).

Audit Committee

Responsibilities of the Audit Committee shall include the following:

Relationship with the Company's external auditors

1. to be primarily responsible for making recommendation 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 resignation or dismissal of that auditor;
2. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
3. 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 as part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken:
 - (a) To determine the institution appointed are suitable for the provision of such non-auditing services to the Company with respect to its ability and experience;
 - (b) Any precautionary measures are available to ensure that the objectivity and independence of the auditing carried out by the external auditors will not be threatened when such services are provided by the institution appointed; and
 - (c) The nature of such non-auditing services and the level of fees, and for such auditor, the levels of the individual and aggregate services charges; and the standards on the determination of the auditor's fee;

Review of financial information of the Company

4. to monitor integrity of 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, and interim report before submission to the Board, the committee should focus particularly on: -
 - (a) any changes in accounting policies and practices;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from audit;
 - (d) the going concern assumptions and any qualifications;
 - (e) compliance with accounting standards; and
 - (f) compliance with the Listing Rules and other legal requirements in relation to financial reporting;

5. In regard to 4 above:-
 - (a) members of the committee must liaise with the Company's Board of directors and senior management, and the committee must meet, at least once a year, with the Company's external auditors; and
 - (b) 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 staff responsible for the accounting and financial functions, or its compliance officer or auditors;
 - (c) Or extraordinary items, and all matters raised by the chief financial officer or auditor of the Company shall be under due consideration.

Oversight of the Company's financial reporting system and internal control procedures

6. to review the Company's financial controls, internal control and risk management systems;

7. to discuss with the management the internal control system and ensure that management has discharged its duty to ensure that an effective internal control system is in place;

8. to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;

9. to review the group's financial and accounting policies and practices;

10. 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;

11. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
12. to report to the Board on the matters set out in this code provision;
13. to consider other topics, as defined by the Board.
14. to consider establishing procedures to review and monitor the independence of external auditor, which may include the following: -
 - (a) to seek from the audit firm, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including current requirements regarding rotation of audit partners and staff; and
 - (b) to meet with the auditor, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditor may wish to raise.
15. to examine whether the relevant circumstances will harm the judgment or independence of the external auditor in performing their work when the Company employs any staff member or former staff member of the external auditor.
16. to review arrangements by which employees of the Company may, in confidence, 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 the fair and independent investigation of such matters and for appropriate follow-up action.
17. to act as the key representative body for overseeing the Company's relation with the external auditor.