

**GENTING HONG KONG LIMITED**  
**(the “Company”)**

**TERMS OF REFERENCE**  
**OF**  
**THE AUDIT COMMITTEE (the “Committee”)**

**Membership**

1. The Committee shall be appointed by the Board of Directors of the Company (the “Board”) from amongst the Non-Executive Directors (including Independent Non-executive Directors) of the Company and shall consist of not less than three members. Majority of the members shall be Independent Non-executive Directors and at least one of whom shall have appropriate professional qualifications or accounting or related financial management expertise as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Any member so appointed shall hold office only until the next Annual General Meeting of the Company and can be re-appointed by the Board. A quorum shall be any two members.
2. The Chairman of the Committee, who shall be a member of the Committee, shall be appointed by the Board and shall be an Independent Non-executive Director. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.

**Attendance at meetings**

3. The Chief Financial Officer and/or management in charge of finance and accounting functions, the Head of Internal Audit, and a representative of the external auditors shall normally attend meetings. Other Board members shall also have the right of attendance and other executives may be invited by the Committee to attend for all or part of any meeting as and when appropriate. However, at least once a year the Committee shall meet with the external and internal auditors without the presence of executive Board members and management.
4. The Company Secretary or his/her nominee shall act as the secretary of the Committee.

**Proceedings of meetings and resolutions**

5. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes, the Chairman presiding at the meeting shall have a second or casting vote.
6. Save as otherwise provided herein expressly, proceedings of meetings of the Committee shall be governed by the provisions of the Bye-laws of the Company for regulating the proceedings of meetings of Directors.

7. A resolution in writing signed by all of the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee. Any such resolution may be contained in a single document or may consist of several documents in like form.
8. Meetings shall be held not less than twice a year. Additional meetings shall be held as the work of the Committee demands. The external auditors may request a meeting if they consider that one is necessary.
9. Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the Chairman of the Committee. In so far as practicable, notice of each meeting together with an agenda of items to be discussed as well as supporting papers, shall be forwarded to each member of the Committee and any other person required to attend, at least 3 days (or other agreed period) before the intended date of the meeting.

#### **Authority**

10. 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 and all employees are directed to co-operate with any request made by the Committee.
11. The Committee is authorised by the Board to obtain, at the Company's expense, external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The Committee shall be provided with sufficient resources to discharge its duties.

#### **Functions and duties**

12. The functions and 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 external auditor before the audit commences, the nature and scope of the audit and reporting obligations, and ensure co-ordination where more than one audit firm is involved;

- (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;
- (d) to act as the key representative body for overseeing the Company’s relations with the external auditor;

*Review of financial information of the Company*

- (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, and to review significant financial reporting judgements contained in them before submission to the Board, focusing particularly on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgemental areas;
  - (iii) significant adjustments resulting from the 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) Regarding (e) 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 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 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;

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

- (g) 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;

- (h) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (i) to review the Company's financial controls, risk management and internal control systems;
- (j) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (k) to review the internal audit programme, 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;
- (l) to review the Group's financial and accounting policies and practices;
- (m) to review arrangements the Company's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (n) 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; and
- (o) to consider other topics, as defined by the Board.

### **Reporting procedures**

13. The secretary shall circulate the minutes of meetings and reports of the Committee to all members of the Board unless a conflict of interest exists where the Committee Chairman may decide otherwise as he considers appropriate.
14. The Committee shall report to the Board on its findings, decisions and/or recommendations, unless there are legal or regulatory restrictions on its ability to do so.

#### *Note:*

Senior Management in these Terms of Reference refers to the same persons referred to in the Company's annual report.