

**Television Broadcasts Limited**  
**(“Company”)**

**Terms of Reference**  
**of**  
**Audit Committee**

**Constitution**

1. A committee of the Board of Directors of the Company (“Board”), as resolved by the Board, shall be known as the Audit Committee (“Committee”) with its terms of reference. The Committee was established on 1 January 1999.
2. The Committee shall assist the Board in fulfilling its responsibilities to:
  - (a) independently review and supervise on financial reporting of the Group (including the Company and its subsidiaries);
  - (b) review objectivity and effectiveness of the audit process in accordance with applicable standards; and
  - (c) review the appointment of external auditor and ensure continuing auditor’s independence.

**Membership**

3. The Committee shall be appointed by the Board from amongst the non-executive Directors of the Company.
4. The Committee shall consist of not less than three members, at least one of whom is an Independent Non-executive Director with appropriate professional qualifications on accounting or related financial management expertise as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). The majority of Committee members shall be Independent Non-executive Directors of the Company. 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 the person ceasing to be a partner of the firm or to have financial interest in the firm, whichever is later.
5. The Committee shall be chaired by an Independent Non-executive Director.

6. The Company Secretary shall act as the secretary to the Committee.

### **Frequency of Meetings**

7. Members of the Committee shall meet at least twice a year and timely before finalisation of the annual and interim accounts. Additional meeting may be held as the work of the Committee demands.

8. Notice of meeting of the Committee may be given in writing or by telephone or in such manner as the Committee may from time-to-time determine.

9. A quorum for any meeting shall be two members.

10. Proceedings of meetings of the Committee shall be governed by the provisions of the Company's articles of association ("Articles").

11. Senior executives of the Company and the external auditor may be asked to attend meetings. Other Board members may also attend, if invited.

### **Authority**

12. The Committee is authorised by the Board to perform its duties and functions within its terms of reference and to do any acts conferred on the Committee by the Board.

13. The Committee is authorised by the Board to investigate any activity within its terms of reference and to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Committee.

14. The Committee is authorised by the Board to obtain external legal and other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers necessary.

### **Duties and Functions**

15. The Committee shall undertake the following duties:

#### *Relationship with the external auditor*

(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;
- (c) to develop and implement policy on engaging the external auditor to supply non-audit services;
- (d) to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (e) to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (f) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (g) to meet with the auditor, at least annually, in the absence of management, and to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditor may wish to raise;

*Review of the Company's financial information*

- (h) to monitor the integrity of the Company's financial statements and annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these 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 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;

- (i) regarding (h) above, members of the Committee should liaise with the Board and senior management, and the Committee must meet at least twice a year with the auditor; and the Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, and it should give due consideration to any matters that have been raised by the Company's staff responsible for accounting and financial reporting function, the compliance officer, and the auditors;
- (j) to review the continuing connected transactions entered into by the Group and to report to the Board following the conclusion of such review, as required under the Listing Rules;

*Oversight of the Group's financial reporting system*

- (k) to discuss the Group's financial controls and discuss the 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;
- (l) where an internal audit function exists, to ensure co-ordination between the internal and the 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;
- (m) to review the Group's financial and accounting policies and practices;
- (n) to review the effectiveness of the Group's process for financial reporting and Listing Rule compliance;
- (o) 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;
- (p) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (q) to report to the Board on the matters in these terms of reference;
- (r) to consider other topics, as defined by the Board;

### Others

- (s) to establish and maintain a whistleblowing policy and system which employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that such a whistleblowing policy and system are in place for fair and independent investigation of these matters and for appropriate follow-up actions. The whistleblowing policy and system shall also enable those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Group; and
- (t) to take into account the Listing Rules and any requirements that may from time-to-time be prescribed by the Board or contained in the Articles or imposed by any applicable laws and legislation when exercising its duties.

### **Reporting Procedures**

- 16. The secretary to the Committee shall ensure that full minutes are kept of all Committee meetings and that draft and final versions of such minutes shall be circulated to all members of the Committee for their comments and records, within a reasonable time after the each meeting.
- 17. The secretary to the Committee shall circulate the minutes of all Committee meetings to all members of the Board, and shall report to the Board on its work, decisions and recommendations in a timely manner.

Adopted and effective on 16 August 2005,  
1<sup>st</sup> Amendment on 26 August 2009,  
2<sup>nd</sup> Amendment on 21 March 2012,  
3<sup>rd</sup> Amendment on 9 December 2015,  
4<sup>th</sup> Amendment on 5 December 2018,  
5<sup>th</sup> Amendment on 26 August 2020.