

eBROKER GROUP LIMITED

電子交易集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8036)

Terms of Reference – Audit Committee

Constitution

1. The board of directors (the “**Board**”) of eBroker Group Limited (the “**Company**”) has resolved the establishment of the audit committee (the “**Audit Committee**”). The constitution of the Audit Committee shall comply with the requirements of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) from time to time.

Membership

2. The Audit Committee shall consist of at least three members, and be appointed by the Board from amongst the non-executive directors of the Company. The majority of the members must be independent non-executive directors and at least one of whom shall have the appropriate professional qualifications or accounting or related financial management expertise as required under the GEM Listing Rules (as amended from time to time).
3. The chairman of the Audit Committee shall be appointed by the Board and must be an independent non-executive director.
4. A former partner of the Company’s existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of two years from the date of his ceasing: (a) to be a partner of the external auditing firm; or (b) to have any financial interest in the external auditing firm, whichever is later.
5. The company secretary of the Company shall be the secretary of the Audit Committee.
6. The Audit Committee may from time to time appoint any other person with appropriate qualification and experience to act as the secretary of the Audit Committee.

Quorum

7. A quorum for the transaction of business of the Audit Committee shall be two (2) members, one of whom must be an independent non-executive director.

Meetings

8. Unless otherwise agreed or waived, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Audit Committee, any other person required to attend and all other non-executive directors, no later than three (3) working days before the date of the meeting. Supporting papers shall be sent to Audit Committee members and to other attendees as appropriate, at the same time.
9. The Audit Committee shall meet at least twice a year. The external auditors may request a meeting if they consider that one is necessary.
10. Members may attend meetings either in person, by telephone or through other electronic means of communication (which are available to all attended parties).
11. Only members are entitled to vote at the meetings of the Audit Committee.
12. Resolutions of the Audit Committee at any meetings shall be passed with a simple majority of votes of the members present.
13. Resolutions signed by all members of the Audit Committee will be treated valid as if it is passed in the meeting held by the Audit Committee.

Attendance at meetings

14. Upon the invitation from the Audit Committee, the financial controller, a representative of the external auditors and the head of internal audit, if any, and the other Board members may attend meetings. Other Board members shall also have the right of attendance. However, at least once a year the Audit Committee members shall meet with the external and internal auditors without executive Board members present.

Minutes of meetings

15. Full minutes and other meeting materials of the Audit Committee shall be kept by the secretary of the Audit Committee.
16. The draft copies and final copies of the meeting minutes shall be delivered to all committee members within a reasonable period of time following the conclusion of any meeting of the Audit Committee. Members can provide their comments on the draft copies, and final copies will be kept as a record. All meeting minutes will be signed by the members attending the meeting.

Annual General Meeting

17. The chairman of the Audit Committee (or if he is not able to attend, his delegate who shall be a member of the Audit Committee) shall attend the annual general meeting prepared to respond to any shareholder questions on the Audit Committee's activities.

Authority

18. The Audit 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 Audit Committee.
19. The Audit Committee is authorised by the Board to obtain, at the Company's expense, independent legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings of the Audit Committee if it considers this necessary.
20. The Audit Committee should be provided with sufficient resources to perform its duty.

Duties and Responsibilities

21. The duties and responsibilities of the Audit Committee shall be:

Relationship with the Company's auditors

- (a) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (b) 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 deal with any matters regarding its resignation or dismissal;
- (c) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss the nature and scope of the audit and reporting obligations with the external auditor before the audit commences;
- (d) 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;
- (e) to report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

Review of the Company's financial information

- (f) to monitor the integrity of the Company's financial statements, annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing such statements and reports before submission to the Board, the Audit Committee shall focus 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 assumption and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the GEM Listing Rules and legal requirements in relation to financial reporting.
- (g) Regarding (f) above:–
 - (i) members of the Audit Committee should liaise with the Board and senior management of the Company and the Audit Committee must meet, at least twice a year, with the Company's auditors; and
 - (ii) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and give due consideration to any matters that have been raised by the Company's staff who are responsible for accounting and financial reporting function, compliance officers or auditors.

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

- (h) to review the Company's financial controls, risk management and internal control systems;
- (i) to discuss the risk management and internal control systems with the management of the Company to ensure that management of the Company has performed its duty to have effective systems. The discussion between the Audit Committee and the management of the Company shall include the adequacy of the Company's resources, the qualifications and experience of staff, training programmes and budget of the Company's accounting and financial reporting function are;
- (j) to consider any 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 such findings;

- (k) where an internal audit function exists, to co-ordinate 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 the effectiveness of the internal audit function;
- (l) to review the Company's financial and accounting policies and practices;
- (m) to review the external auditor's management letter and any material queries raised by the auditor to the management about accounting records, financial accounts or systems of control and the management's response thereto;
- (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 relation to the Corporate Governance Code under Appendix 15 to the GEM Listing Rules; and
- (p) to consider other topics, as determined by the Board.

Reporting procedures

- 22. The Audit Committee shall review arrangements made by the Company, including whether employees of the Company can, in confidence, report and 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 fair and independent investigation of these matters and for appropriate follow-up action to be taken.
- 23. The Audit Committee shall also establish a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.
- 24. Where the Board disagrees with the Audit Committee's view regarding the selection, appointment, resignation or dismissal of the external auditors, the Company should include in its corporate governance report, a statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

Others

- 25. The Audit Committee shall make available, on the Stock Exchange's website and the Company's website, its term of reference, explaining its role and the authority delegated to it by the Board.

Adopted by the Board on 22 January 2019.