

TRUE PARTNER CAPITAL HOLDING LIMITED

(Incorporated under the laws of the Cayman Islands with limited liability)

(the “Company”)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE ADOPTED BY THE COMPANY ON 22 SEPTEMBER 2020

1 MEMBERSHIP

- (a) The Audit Committee (the “**Committee**”) shall be appointed by the Board of Directors (the “**Director**”) from amongst the non-executive directors (the “**Board**”) and shall consist of not less than three members, all of whom must be non-executive directors and the majority of members of the Committee should be independent non-executive directors (collectively the “**INEDs**”, each an “**INED**”). At least one member must be an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”). Where there are only three non-executive directors as members of the Board, all of them shall be appointed as members of the Committee. The constitution of the Committee shall comply with the requirements of the GEM Listing Rules from time to time.
- (b) The chairperson of the Committee (the “**Chairperson**”) shall be an INED shall be appointed by the Board. In the absence of such chairman, the remaining members of the Committee present shall choose one of their members who is an INED to act as chairman to chair the meeting.
- (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 two years from the date of his/her ceasing (whichever is later):
 - (i) to be a partner of the firm; or
 - (ii) to have any financial interest in the firm.

- (d) The appointment of the members of the Committee may be revoked, replaced or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee.
- (e) An appointment of a member of the Committee shall be automatically revoked if such member ceases to be a member of the Board.
- (f) The administration office of the Committee shall be the administration office of the Board. The administration office of the Board shall be responsible for the day-to-day affairs of Committee.

2 ATTENDANCE AT MEETINGS

- (a) Unless otherwise stated herein, the meetings of the Committee are governed by the provisions contained in the Company's articles of association for regulating the meetings and proceedings of directors.
- (b) The quorum for a meeting of the Committee shall be two members, one of whom must be an INED. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- (c) 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 constitute presence in person at such meeting.
- (d) The financial controller, other directors, the company secretary ("**Company Secretary**") (or his/her delegate(s)), relevant senior management and persons(s) invited by an Committee member and representative(s) of the external auditors may attend meetings of the Committee from time to time where the Committee considers their presence necessary or appropriate to assist the Committee to perform its duties.
- (e) The Company Secretary shall be the secretary of the Committee. In the absence of the Company Secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Committee, shall be the secretary of the meetings.
- (f) The Committee shall meet at least once a year with the internal and/or external auditors of the Company without the presence of the executive director(s) or senior management of the Company whenever they think fit and appropriate.

3 NOTICE OF MEETINGS

- (a) Unless otherwise agreed by all the members of the Committee, notice (containing details of the venue, time and date of the meeting) of at least 14 days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given.
- (b) A Committee member or the secretary of the Committee at the request of any Committee member may at any time summon a Committee meeting.
- (c) Agenda and accompanying supporting papers shall be sent to all members of the Committee and to other invited attendees as appropriate at least 3 days before the intended date of the meeting (or such other period as the members may agree).

4 FREQUENCY OF MEETINGS

- (a) 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.

5 PRIVATE MEETINGS

The Committee may hold separate private meeting(s) with the internal auditors and/or the external auditors with no executive directors or senior management present whenever they think fit and appropriate.

6 COMMITTEE'S RESOLUTIONS

- (a) 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 members of the Committee. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the GEM Listing Rules for a Board or Committee meeting to be held.
- (b) Resolutions of the Committee shall be passed by a majority of votes of the members of the Committee who attend the meeting and a majority vote of the members present shall represent an act of the Committee.

7 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 Company should include in the corporate governance report a statement from the Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.
- (e) The Committee shall be provided with sufficient resources to perform its duties and shall seek, at the Company's expense, independent professional advice to perform its responsibilities where necessary.

8 GENERAL RESPONSIBILITIES

- (f) The responsibilities and authorities of the Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code (the "**CG Code**") as contained in Appendix 15 of the GEM Listing Rules (as amended from time to time). The Committee is authorised to seek any information it requests from any employee and all employees are directed to co-operate with any request made by the Committee.
- (g) The Committee is to serve as a focal point for communication between other Directors, the external auditors and the internal auditors as regards their duties relating to financial and other reporting, internal controls, external and internal audits and such other matters as the Board determines from time to time.

- (h) The Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of the Company and its subsidiaries (the “**Group**”), and as to the adequacy of the external and internal audits.
- (i) The Committee shall fulfill other responsibilities as required by the GEM Listing Rules from time to time.

9 DUTIES

Without prejudice to any requirement under the CG Code, the duties of the Committee include the following:

Relationship with the Company’s external auditors

- (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of their resignation or dismissal;
- (b) to review with the Company’s management, external auditors and internal auditor, where an internal audit function exists in the Company, the adequacy of the Company’s policies and system regarding internal controls (including financial, operational and compliance controls), risk management system and any statement by the directors of the Company to be included in the annual accounts prior to endorsement by the Board;
- (c) to consider the plan for each year’s audit submitted by the external auditors and discuss the same at a meeting if necessary;
- (d) to review and monitor the external auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. In this connection, the Committee shall:
 - (i) obtain from the external auditors annually, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those for rotation of audit partners and staff;

- (ii) consider all relationships between the Company and the external auditors and in particular, to conduct annual review of all non-audit services performed by the external auditors and the related fee levels, and to ensure that such services do not impair the independence of the external auditors;
- (iii) meet with the external auditors, 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 external auditors may wish to raise;
- (iv) consider the policies on hiring of employees or former employees of the external auditors, monitor the application of these policies and consider whether there has been or appears to be any impairment, of the auditors' judgment or independence for the audit; and
- (v) ensure that an external auditor's provision of non-audit services does not impair its independence or objectivity. When assessing the external auditor's independence or objectivity in relation to non-audit services, the Committee may wish to consider:
 - whether the skills and experience of the audit firm make it a suitable supplier of non-audit services;
 - whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit because the external auditor provides non-audit services;
 - the nature of the non-audit services, the related fee levels and fee levels individually and in total relative to the audit firm; and
 - criteria for the compensation of the individuals performing the audit.
- (e) to discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;
- (f) to develop and implement policy on engaging the external auditors to supply non-audit services. For this purpose, external auditors 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 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 the Company's financial information

- (g) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments 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 audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the GEM Listing Rules and other legal requirements in relation to financial reporting.

- (h) regarding (g) 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 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, risk management and internal control systems

- (i) to review the Company's financial controls and internal control and risk management 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. 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;
- (k) 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;
- (l) 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;
- (m) to review the Group's financial and accounting policies and practices;
- (n) to discuss any problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary) and to assist in the resolution of any disagreements or difference between the external auditors and management;
- (o) to review the external auditors' management letter, any material queries raised by the auditors 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 auditors' management letter;
- (q) to report to the Board on the above matters;
- (r) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

- (s) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (t) to 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 Committee about possible improprieties in any matter related to the Company;
- (u) to consider other topics, as defined by the Board; and
- (v) to ensure the Chairperson of the Committee, or in the absence of the chairman, another member of the Committee or failing this his duly appointed delegate, to be available to answer questions at the annual meeting of the Company.

All members of the Committee shall have access to the advice and services of the Company Secretary, and separate and independent access to the Company's senior management for obtaining necessary information.

Management of the Company is obliged to supply the Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a member of the Committee requires more information than information provided voluntarily by the management of the Company, the relevant member of the Committee should make additional necessary enquiries. Each member of the Committee shall have separate and independent access to the management of the Company

10 REPORTING PROCEDURES

- (a) The Committee shall report to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements). At the next meeting of the Board following a meeting of the Committee, the Chairman of the Committee shall report the findings and recommendations of the Committee to the Board.
- (b) Copies of the minutes of meetings of the Committee shall be provided to the Board at its meetings.
- (c) Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the corporate governance report a statement from the Committee explaining its recommendations and also the reason(s) why the Board has taken a different view.

11 MINUTES AND RECORDS

- (a) Full minutes of the meetings of the Committee should be kept by the secretary of the Committee (who should normally be the Company Secretary) and shall be available for inspection by any member of the Committee or the Board at any reasonable time on prior reasonable notice by any Director of the Company.
- (b) Draft and final versions of the minutes of the meetings should be circulated to all Committee members for their comments and records respectively within a reasonable time after the meeting. Once the minutes are signed, the secretary shall circulate the minutes and reports of the Committee to all members of the Board.
- (c) The secretary of the Committee shall record individual attendance of members of the Committee, on a named basis, at meetings.

12 AVAILABILITY AND UPDATE OF THE TERMS OF REFERENCE

- (a) The Committee shall, from time to time, review its own performance, constitution and terms of reference to ensure that it is operating effectively, and recommend any changes it considers to the Board for approval.
- (b) The Committee shall make available these terms by publishing them on the websites of the Stock Exchange of Hong Kong Limited and the Company.
- (c) These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the GEM Listing Rules) in Hong Kong. These terms of reference shall be made available to the public by including the information on The Stock Exchange of Hong Kong Limited's website and the Company's website.

13 ANNUAL GENERAL MEETING

The Chairperson of the Committee or in his/her absence, another member of the Committee or failing this, his/her duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions at the annual general meeting on the Committee's work and responsibilities.

Note: If there is any inconsistency between the English and Chinese versions of these Terms of Reference, the English version shall prevail.

For the purpose of these Terms of Reference, "senior management" means the same persons as referred to in the Company's annual report and is required to be disclosed under GEM Listing Rule 18.39, as such rule may be amended from time to time.