



**Easy One Financial Group Limited**  
**易易壹金融集團有限公司**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*  
**(Stock Code: 221)**

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

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**1. Membership**

- 1.1 Members of the audit committee (the “**Committee**”) of Easy One Financial Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) shall be appointed by the board of directors of the Company (the “**Board**”).
- 1.2 The Committee must consist of a minimum of three (3) members, all of whom must be non-executive directors. The Committee members shall be appointed by the Board from amongst the Company’s directors.
- 1.3 The majority of the members of the Committee must be independent non-executive directors (“**INEDs**”) at least one (1) of whom must have appropriate professional qualifications or accounting or related financial management expertise pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).
- 1.4 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 one (1) year from the date of his ceasing:
- (a) to be a partner of the firm; or
  - (b) to have any financial interest in the firm,

whichever is later.

**2. Chairman**

- 2.1 The chairman of the Committee shall be appointed by the Board and must be an INED.

### **3. Secretary**

3.1 The company secretary (or his/her delegate) shall be the secretary of the Committee.

3.2 In the absence of the secretary of the Committee, the members present at the meeting of the Committee shall elect another person as secretary.

### **4. Quorum**

4.1 The quorum for meetings of the Committee shall be any two (2) members.

4.2 A duly convened meeting of the Committee at which a quorum is present at the time when the meeting proceeds to business and continues to be present until the conclusion of the meeting, shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### **5. Frequency of meetings**

5.1 The Committee shall hold at least two regular meetings (“**regular meeting(s)**”) in a year to review and discuss the interim and annual financial statements of the Company. Additional meetings of the Committee shall be held as and when required.

5.2 The external auditors may request a meeting if they consider that it is necessary.

### **6. Attendance at meetings**

6.1 Members of the Committee and any person upon the invitation of any committee members may attend meetings of the Committee either in person or through other electronic means of communication.

6.2 The finance director, the chief financial controller, the head of internal audit, and a representative(s) of the external auditors shall normally invited to attend meetings along with the members of the Committee. However, at least twice (2) a year the Committee shall meet with the external auditors.

6.3 The secretary of the Committee (or his/her delegate) shall attend all meetings of the Committee to take minutes.

### **7. Notice of meetings**

7.1 A meeting of the Committee may be convened by any of its members, or by the secretary of the Committee at the request of any of its members or at the request of the external auditors.

- 7.2 Unless otherwise agreed by all the members of the Committee, notice of at least 14 days shall be given of a regular meeting, and such notice shall be sent to each member of the Committee, and to any other person invited to attend. For all other meetings of the Committee, reasonable notice shall be given.
- 7.3 In respect of regular meetings, and so far as practicable in all other cases, an agenda and accompanying supporting papers shall be sent to all members of the Committee and to other attendees as appropriate at least 3 days before the date of the meeting (or such other period as agreed).
- 7.4 Any member of the Committee shall be entitled, by notice to the secretary of the Committee, to include other matters relevant to the functions of the Committee in the agenda of a Committee meeting.

## **8. Minutes of meetings**

- 8.1 The secretary of the Committee (or his/her delegate) in attendance at the meetings of the Committee shall minute in sufficient detail the matters considered and decisions reached at such meetings. The minutes shall also include any concerns raised by any member of the Committee and/or dissenting views expressed.
- 8.2 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 (1) or more of the members of the Committee.
- 8.3 Minutes of the Committee shall be kept by the secretary of the Committee and shall be available for inspection by any member of the Committee or the Board at reasonable time on reasonable notice.

## **9. Annual general meeting**

- 9.1 The chairman of the Committee or in his absence, another member of the Committee or failing this, his duly appointed delegate, should be invited by the chairman of the Board to attend the annual general meeting of the Company and be prepared to answer questions at the annual general meeting on the Committee's activities and their responsibilities.

## **10. Other regulations governing the meeting and proceedings of the Committee**

- 10.1 Unless otherwise specified above, the provisions contained in the Company's articles of association for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Committee.

## **11. Authority**

- 11.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it reasonable requires from any executive directors or employee and all of them are directed to co-operate with any reasonable request made by the Committee.
- 11.2 The Committee is to be provided with sufficient resources to discharge its duties and it is authorised by the Board, and at reasonable expense of the Company, to obtain outside legal or other independent professional advice and having ensured the Company's interests are protected, to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 11.3 The Committee shall 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 risk management and internal control systems of the Group, and as to the adequacy of the external and internal audits.
- 11.4 The Committee shall report to the Board any suspected frauds and 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.
- 11.5 Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Committee 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.

## **12. Duties, roles and functions**

The duties of the Committee is:-

### **12.1 Relationships 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 to consider any questions of resignation or dismissal;
- (b) to review and monitor that external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable accounting standards;
- (c) to discuss with the external auditor, before the audit commences, the nature and scope of the audit and reporting obligations;
- (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. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

## 12.2 Review of financial information of the Company

- (a) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports (when necessary), and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Committee shall 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 standard; and
  - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- (b) in regard to 12.2(a) above:
  - (i) members of the Committee must liaise with the Company's Board and senior management<sup>(note)</sup> and the Committee must meet, at least twice (2) a year, with the Company's external auditors; and
  - (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the financial statements, reports and accounts, it 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;

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

- (a) to review the Company's financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the internal control and risk management systems;

- (b) to discuss the internal control and risk management 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, internal audit and financial reporting function;
- (c) 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;
- (d) 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;
- (e) to review the Group's financial and accounting policies and practices;
- (f) 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;
- (g) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (h) to report to the Board on the matters set out in this terms of reference and the code provisions of the Corporate Governance Code under Appendix 14 of the Listing Rules (as amended from time to time);
- (i) to consider other topics, as defined by the Board;
- (j) to review arrangements by which 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;
- (k) to act as the key representative body for overseeing the Company's relation with the external auditor; and
- (l) to discuss problems and reservations arising from the interim and final audits and any matters the auditor may wish to discuss (in the absence of the management where necessary).

### **13. Reporting responsibilities**

- 13.1 The Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting or the passing of any written resolution(s) of the Committee, the Chairman shall report such findings and recommendations of the Committee of the Board.

*Note: “senior management” shall refer to the same persons referred to in the Company’s annual report and is required to be disclosed under paragraph 12 of Appendix 16 to the Listing Rules.*

*December 2015*