



## **SiS Mobile Holdings Limited**

**新龍移動集團有限公司\***

*(Incorporated in Cayman Islands with limited liability)*

(Stock code: 1362)

(the “Company”)

### **Terms of Reference of the Audit Committee**

#### ***Membership***

1. The Audit Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company and shall consist of not less than three (3) members. A quorum shall be two (2) members, one of whom shall be an independent non-executive director of the Company.
2. The majority of the members of the Audit Committee shall be independent non-executive directors of the Company and at least one (1) member shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).
3. The chairman of the Audit Committee shall be an independent non-executive director of the Company nominated by the Audit Committee and appointed by the Board.

#### ***Attendance at meetings***

4. The Finance Director or Chief Finance Officer or Financial Controller or Finance Manager shall normally attend and a representative of the external auditors may be invited to attend meetings. Other Board members shall also have the right of attendance. However, at least twice a year the Audit Committee shall meet with the external auditors without executive Board members present.
5. The company secretary shall be the secretary of the Audit Committee.

#### ***Frequency of meetings***

6. Meetings shall be held not less than twice a year, or at such frequency as required under the Listing Rules or other regulatory requirements applicable to the Company from time to time. The chairman of the Audit Committee may convene additional meetings at his discretion. The external auditors may request a meeting if they consider that one is necessary.

*\* For identification purposes only*

### ***Authority***

7. The Audit Committee is authorized by the Board to act within the scope of these terms of reference and to investigate any activity within its terms of reference. It is authorized 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.
8. The Audit Committee shall be provided with sufficient resources to perform its duties. Where necessary, the Audit Committee shall be authorized, at the Company's expense but subject to prior discussion with the Board on costs, 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.

### ***Duties***

9. The duties of the Audit Committee shall be:
  - (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the audit fee and terms of engagement of the external auditors, 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 Audit Committee shall discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
  - (c) to develop and implement policy on engaging of external auditors 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 Audit Committee shall report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
  - (d) to monitor integrity of the Company's financial statements and annual report and accounts, interim 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 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 Listing Rules and legal requirements in relation to financial reporting;
  - (e) Regarding the above clause:
    - (i) members of the Audit Committee shall liaise with the Board and senior management 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 such reports and accounts and it shall 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;
- (f) 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 Company's risk management and internal control systems; and 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 shall include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (g) 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;
- (h) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (i) to review the group's financial and accounting policies and practices;
- (j) 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;
- (k) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (l) to report to the Board on the matters in the code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules (as amended from time to time);
- (m) to consider other topics, as defined by the Board;
- (n) to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for the fair and independent investigation of these matters and for appropriate follow-up action; and
- (o) to act as the key representative body for overseeing the Company's relations with the external auditor.

### ***Reporting procedures***

10. The Audit Committee shall report to the Board the findings and recommendation after each meeting of the Audit Committee, unless there are legal or regulatory restrictions on its ability to do so.

11. The secretary shall circulate the minutes of meetings of the Audit Committee to all members of the Board.
12. Full minutes of Audit Committee meetings shall be kept by the company secretary. Draft and final versions of minutes of the meetings should be sent to all committee members for their comment and records, within a reasonable time after the meeting.

***General***

13. A former partner of the Company's existing auditing firm should be prohibited from acting as a member of its audit committee for a period of two (2) year from the date of the person ceasing:
  - (a) to be a partner of the firm; or
  - (b) to have any financial interest in the firm,whichever is later.
14. Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company shall include in the next corporate governance report of the Company a statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.
15. The Audit Committee shall be provided with sufficient resources to perform its duties.
16. The Audit Committee shall make available these terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Exchange's website and the Company's website.
17. These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements, including those under the Listing Rules.

*With effect on 1 January 2019*

*The Chinese version of this document is for reference only. In case of any discrepancies or inconsistency between the English version and Chinese version, the English version prevails.*