

Tech Pro Technology Development Limited

德普科技發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(the “Company”)

AUDIT COMMITTEE

Terms of Reference

Organization

1. The board of directors of the Company (the “Board”) hereby resolved to establish the audit committee (the “Committee”) under the Board.

Members

2. Members of the Committee shall be appointed by the Board from the non-executive directors of the Company. The Committee shall comprise at least three members, among which at least one of them must be an independent non-executive director of the Company (the “INED”) who has competent professional qualification as required by Rule 3.10(2) of the Listing Rules or has competent accounting or relevant financial management expertise. The majority of members of the Committee shall be INEDs.
3. The quorum of a Committee meeting shall be two.
4. The chairman of the Committee shall be an INED appointed by the Board.

Attend Meetings

5. The Financial Controller, the head of the internal audit department and a representative from the external auditor of the Company shall attend every Committee meeting. However, the Committee shall meet at least twice every year with the external and internal auditors of the Company in the absence of the executive directors of the Board.
6. The Company Secretary shall act as the secretary of the Committee.

7. The secretary of the Committee shall maintain complete minutes of the Committee and shall record in sufficient details with respect to the matters considered by the members and decisions made in the meetings, including doubts and objections proposed by the members. Upon the conclusion of each meeting, the secretary of the Committee shall deliver the draft and final versions of the minute to all the members within reasonable time. The draft is prepared for the members for comment while the final version shall be kept by the members for record.

Frequency of Meetings

8. The Committee shall meet at least twice every year. Any member of the Committee or the external auditor of the Company may request to convene a meeting whenever considered to be necessary.

Powers

9. The Board has authorized the Committee to conduct investigations in accordance with its terms of reference. The Committee shall have the right to access any necessary information from any employee of the Company and all employees are instructed to cooperate with the Committee and satisfy its request.
10. The Board has authorized the Committee to seek external legal or other independent professional advice and, whenever necessary, invite external parties with relevant experience and expertise to attend its meetings.

Duties

11. The duties of the Committee shall be as follows:

Relationship with the Auditor of the Company

- (a) The Committee is responsible for giving advice to the Board on the appointment, reappointment and removal of the external auditor of the Company, approving the remuneration and engagement terms of the external auditor of the Company, and handling any matter arising from the resignation or dismissal of the auditor;

- (b) The Committee shall evaluate and monitor whether the external auditor of the Company is independent and objective and whether the audit procedures are effective on the basis of the applicable standards. The Committee shall discuss with the auditor the nature, scope and the relevant reporting responsibilities of the audit prior to the commencement of the auditing works. In the event that more than one auditing firm participate in the audit, the Committee shall ensure their cooperation;
- (c) The Committee shall formulate and implement policies with respect to the non-auditing services provided by the external auditor of the Company. In context of this provision, the external auditor shall include any entity that is under common control, ownership or management with the audit company, or any entity that any reasonable and well informed third party will, under any reasonable circumstance, determine that such entity is part of the domestic or international operations of the audit company. The Committee shall report to the Board on any action or remedy it considered necessary, and recommend any practicable procedures;

Review the Financial Information of the Company

- (d) The Committee shall monitor the completeness of the financial statements of the Company, the annual reports and accounts, half-year reports and (if intended to be published) quarterly reports of the Company, and review the statements and reports, and report any important opinion on the financial reporting in relation to such reports to the Board. In this respect, the Committee shall pay particular attention to the following matters during the review of the annual reports and accounts, half-year reports and (if intended to be published) quarterly reports of the Company prior to their submission to the Board:
 - (i) Any changes in the accounting policies and practices;
 - (ii) Any areas involving significant judgment;
 - (iii) Any material adjustments arising from audit;
 - (iv) The going-concern assumption and any qualified opinions;
 - (v) Compliance with the accounting standards; and
 - (vi) Compliance with the financial reporting requirements of the Listing Rules and other laws and regulations;

- (e) With respect to the above item (d):-
- (i) The members of the Committee shall communicate with the Board, the senior management and the qualified accountant engaged by the Company. The Committee shall meet the auditor of the Company at least twice each year; and
 - (ii) The Committee shall consider carefully any material or abnormal matters reflected or required to be reflected in those reports and accounts, and any matters raised by the qualified accountant, the supervisory officer or the auditor of the Company;
- (f) The Committee shall discuss with the auditor of the Company the problems and doubts arise from the audit of the interim and annual accounts, and any other matters raised by the auditor (and discussion can be conducted in the absence of the management of the Company, whenever necessary);
- (g) The Committee shall review the letters addressed to the management of the Company from the external auditor of the Company and the reply of the management;
- (h) The Committee shall review the representation in relation to the internal control system of the Company set out in the annual report of the Company prior to the submission thereof to the Board for approval;

Supervise Financial Reporting and Internal Control Systems of the Company

- (i) The Committee shall review the financial reporting, financial control, internal control and risk management systems of the Company;
- (j) The Committee shall discuss the internal control system with the management of the Company, ensure due performance of the management, establish effective internal control system;
- (k) The Committee shall, under its initiative or at the request of the Board, study the results of any significant investigation on the internal control and the reply of the management of the Company;

- (l) If the Company has established an internal audit department, the Committee shall review the internal audit plan to ensure smooth coordination between the internal and external auditors of the Company; and the Committee shall also ensure that the internal audit department of the Company has sufficient resources and proper authority to operate; and review and monitor the effectiveness of the internal audit function of the Company;
- (m) The Committee shall review the financial and accounting policies and practices of the Company and its subsidiaries;
- (n) The Committee shall examine *the Explanation Letter on Audit* issued by the external auditor to the management of the Company, the significant enquiries about the accounting records, financial accounts or control systems raised by the auditor and directed to the management, as well as the reply of the management of the Company;
- (o) The Committee shall ensure that the Board has timely responded to the matters raised in *the Explanation Letter on Audit* issued by the external auditor and addressed to the management of the Company;
- (p) The Committee shall report to the Board on matters within its scope of duties; and
- (q) The Committee shall study other subjects as designated by the Board.

Reporting Procedures

- 12. The secretary of the Committee shall circulate the minutes and reports of the Committee to all the directors of the Company.
- 13. The chairman of the Committee or other member delegated by him shall attend the Annual General Meetings to address enquiries of the shareholders about the policies, activities and duties of the Committee. Members attending any Committee meeting are obliged to maintain confidentiality in respect of the matters discussed in the meeting and shall not disclose any such information to any external parties, unless authorized by the Board.

Notice and Quorum of Meetings

14. The secretary of the Committee shall give 7 days' notice in writing to the members before the date of the meeting, unless as agreed by all of the members unanimously that no notice shall be served.
15. Meetings can be held either by the presence of member in person or through teleconference or video conference. Members can attend meetings through telephone or other similar means that allow attendees to listen and communicate and member attended by such means shall be deemed to be present at the meeting.
16. Resolution of the Committee is null and void unless it is approved by a majority, i.e. more than half (not inclusive of a half), of the members who attended the meeting.
17. The Committee can invite executive Directors, external advisers and other parties to attend its meetings but such invitee shall have no voting right in the meeting.

Right of Interpretation

18. The Board shall have the right of interpretation to these terms of reference.