

**51 Credit Card Inc.**  
**51 信用卡有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

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**51 Credit Card Inc.**  
**51 信用卡有限公司**  
**(the “Company”)**

**TERMS OF REFERENCE FOR THE  
AUDIT COMMITTEE**

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(Adopted on June 24, 2018)

## Definitions

1. For the purposes of these terms of reference (the “**Terms**”):

**Audit Committee** means the audit committee established by the resolution of the Board in accordance with Clause 2 of these Terms.

**Board** means the board of directors of the Company.

**Chief Financial Officer** means the senior officer of the Company responsible for financial management as assigned by the Board from time to time.

**Company Secretary** means the company secretary of the Company.

**Directors** mean the directors of the Board.

**Group** means the Company and its subsidiaries.

**Listing Rules** means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

**Senior Management** means the Chief Executive Officer, Chief Financial Officer, Vice-presidents and any other officers of the Company as may be appointed by the Board to be senior management of the Company, as well as other employees as may be determined by the Board to be part of senior management of the Company from time to time.

**Shareholders** mean the shareholders of the Company.

**Stock Exchange** means The Stock Exchange of Hong Kong Limited.

## Constitution

2. The Audit Committee was established by resolutions of the Board on June 24, 2018 and on June 24, 2018, the Board has adopted the following terms as the Terms of the Audit Committee.

## Membership

3. The members of the Audit Committee shall be appointed by the Board from amongst the non-executive Directors and shall consist of not less than three members, a majority of whom should be independent non-executive Directors and at least one of whom should be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules.
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 one year (or any other period as required by the Listing Rules) from the date of his/her ceasing:
  - (a) to be a partner of the firm; or
  - (b) to have any financial interest in the firm, whichever is later.
5. The chairman of the Audit Committee shall be appointed by the Board and should be an independent non-executive Director. In the absence of the chairman of the Audit Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
6. The term of office of a member of the Audit Committee shall correspond to that of a Director. If a member of the Audit Committee ceases to be a Director during the term of office, his/her qualification as a member of the Audit Committee shall lapse immediately and automatically, and the Board shall appoint a new member to fill in the vacancy in accordance with the Terms.
7. Subject to the constitutions of the Company and the applicable laws and regulations, any member of the Audit Committee may be re-appointed by the Board and continue to act as a member of the Audit Committee upon the expiry of his/her term of appointment relating thereof.

## **Attendance at Meetings**

8. The Chief Financial Officer, the head of internal audit of the Company (or any officer(s) assuming the relevant functions but having a different designation) and a representative of the external auditors of the Company should attend meetings convened by the Audit Committee and such person shall have no voting power in the meetings of the Audit Committee. However, the Audit Committee shall meet with the external and internal auditors without the executive Directors present at least once a year.

## **Frequency and Procedure of Meetings**

9. Unless otherwise stated herein, the meetings of the Audit Committee are governed by the provisions regulating the meeting and proceedings of Board contained in the Company's memorandum and articles of association.
10. The quorum of an Audit Committee meeting shall be any two members of the Audit Committee.
11. Meetings shall be held by the Audit Committee not less than twice a year. The Chairman of the Audit Committee shall convene a meeting upon request by any member of the Audit Committee. The external auditors may request a meeting if they consider that one is necessary. Meetings may be convened by way of onsite meeting or written resolutions. Telephone conference or video conference systems or other electronic means may be provided for convenience of the members to attend onsite meetings. The members shall be deemed as attending the onsite meeting in person if attending by any of the aforesaid means. Written resolution refers to the resolution individually delivered or circulated to each of the member for consideration and decision-making.
12. Unless otherwise waived by all members of the Audit Committee, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the Audit Committee no later than seven days before the date of the meeting.
13. An agenda and accompanying meeting papers should be sent in full to all members of the Audit Committee in a timely manner and at least three days before the proposed date of a meeting of the Audit Committee (or other period agreed by all members of the Audit Committee).

14. Voting in the meeting of the Audit Committee may be conducted by a show of hands. Each member shall have one vote. If members attending by means of telephone conference or video conference are unable to sign the resolutions instantly, they shall vote orally and complete the signing procedures on the resolutions as soon as possible. The resolution signed thereafter shall be consistent with the result of oral votes during the meeting. Resolutions of the meeting shall be passed by more than half of all members. In case of an equality of votes, the chairman of the Audit Committee shall have a second or casting vote.
15. When a member of the Audit Committee is interested in the matter being discussed at the meeting of the Audit Committee, he/she shall disclose the nature and materiality of his/her interest to the chairman of the Audit Committee as soon as possible. A member shall abstain from the discussion of or voting on the proposals that he/she is supposed to abstain from, and shall leave the meeting temporarily or take other means to this end.
16. If a proposal fails to be resolved due to the abstention of members, the Audit Committee shall pass a resolution to submit the proposal to the Board for consideration and deliver it promptly to the Board for review. The Audit Committee shall provide the results of its review of the proposal in the resolution to be submitted to the Board and shall include therein the opinions of the independent members regarding the proposal.
17. Members of the Audit Committee and other persons attending the meetings shall keep confidential all matters discussed at the meetings. Unauthorized disclosure of relevant information is prohibited.
18. Senior Management is obliged to supply the Audit 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 requires more information than the information provided voluntarily by Senior Management, that member is entitled and encouraged to request further information until satisfied. All members shall have separate and independent access to Senior Management.
19. The Audit Committee shall be provided with sufficient resources to perform its duties in accordance with the Terms.

20. The Company Secretary, or in his/her absence, his/her representative or any one member of the Audit Committee, shall be the secretary of the meeting. The Audit Committee may, from time to time, appoint any other person with the appropriate qualification and experience as the secretary of the Audit Committee.

### **Annual General Meeting**

21. The chairman of the Audit Committee should attend the Company's annual general meeting and be prepared to respond to any Shareholder's question on the Audit Committee's activities.
22. If the chairman of the Audit Committee is unable to attend an annual general meeting of the Company, he/she or the chairman of the Board shall arrange for another member of the Audit Committee, or failing such, his/her duly appointed delegate, to attend in his/her place. Such delegate shall be prepared to respond to any Shareholder's question on the Audit Committee's activities.

### **Authority**

23. The Audit Committee is authorized by the Board to investigate any activity mentioned in these Terms or otherwise affecting the integrity of the Group. It is authorized to seek any information it requires from any employee and all employees of the Group are directed to co-operate with any request made by the Audit Committee.
24. The Audit Committee is authorized by the Board to obtain external independent professional advice, at the Company's expense, and to secure the attendance of outsiders with relevant experience and expertise, if it considers necessary. The Audit Committee shall be exclusively responsible for establishing the selection criteria and selecting, appointing and setting the terms of reference for any external consultant who advise the Audit Committee.

## **Duties**

25. The duties of the Audit Committee shall include:

### Relationship with the Company's auditors

- (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and considering any questions of resignation or dismissal of that auditors;
- (b) reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) developing and implementing policies on the engagement of an external auditors to supply non-audit services, and reporting to the Board, identifying and making recommendations on any matters in respect of which it considers that action or improvement is needed. 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;
- (d) discussing with the external auditors, if necessary, before the audit commences, the nature and scope of the audit and reporting obligations thereof, and ensuring coordination where more than one audit firm is involved;
- (e) discussing problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of Senior Management where necessary);

### Review of the Company's financial information

- (a) monitoring the integrity of financial statements, annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them. In reviewing these statements and reports before submission to the Board, the Audit 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 Listing Rules and any legal requirements in relation to financial reporting;
- (b) In regard to (a) above:
  - (i) liaising with the Board and Senior Management;
  - (ii) meeting, at least twice a year, with the Company's auditors; and
  - (iii) considering any significant or unusual items that are, or may need to be, reflected in such reports and accounts and giving 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 system, risk management and internal control systems

- (a) reviewing the Group's financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the Group's risk management and internal control systems;
- (b) discussing 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 Group's accounting and financial reporting function;
- (c) considering 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, ensuring 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 Group, and to review and monitor its effectiveness;
- (e) reviewing the Group's financial and accounting policies and practices;
- (f) reviewing 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;
- (g) ensuring that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- (h) acting as the key representative body for overseeing the Company's relation with its external auditors;
- (i) reporting to the Board on the matters set out in these Terms; and
- (j) considering any other topics, as defined by the Board.

### Relationships with the employees of the Group

- (a) reviewing arrangements employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting internal control or other matters, ensuring that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

### **Failure to Reach an Agreement Regarding External Auditors**

- 26. Where the Board has taken a different view from the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors, the Audit Committee shall submit a statement to the Company explaining its recommendation, which shall be disclosed by the Company in the Corporate Governance Report in accordance with Appendix 14 of the Listing Rules.

### **Reporting Procedures**

- 27. Minutes shall be recorded for the meetings of the Audit Committee and shall be signed by the members present at the meetings. Full minutes of the Audit Committee's meetings shall be kept by the secretary of the Audit Committee for a period of not less than 10 years. The minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
- 28. Minutes of meetings of the Audit Committee shall record in sufficient detail the matters considered and decisions reached by the Audit Committee, including any concerns raised by the Directors and/or members or any dissenting views expressed. Draft and final versions of such meeting minutes should be sent to all members of the Audit Committee for their comments and records respectively, in both cases within a reasonable time after such meetings.
- 29. Without prejudice to the generality of the duties of the Audit Committee set out above, the Audit Committee shall report back to the Board on and keep the Board fully informed of its decisions and recommendations, to the extent there is no applicable legal or regulatory restrictions.

### **Provision of Terms**

30. The Audit Committee shall provide these Terms upon request and upload them to the Stock Exchange's website and the Company's website to explain the role and duties of the Audit Committee and the authority delegated to it by the Board.

### **Review of Terms**

31. The Audit Committee shall review these Terms when necessary, and may consider and submit to the Board any proposed changes that the Audit Committee deems appropriate or advisable.