



GLOBAL MASTERMIND CAPITAL LIMITED

環球大通投資有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 905)

TERMS OF REFERENCE FOR AUDIT COMMITTEE

(Adopted on 28 March 2012 and

amended on 31 December 2015 and 31 December 2018)

1. CONSTITUTION

The board of directors (the “Board”) of GLOBAL MASTERMIND CAPITAL LIMITED (the “Company”) has established a committee known as the audit committee (the “Committee”).

2. MEMBERSHIP

2.1 Members of the Committee shall be appointed by the Board and shall consist of not less than three members from time to time, the majority of whom should be independent non-executive directors of the Company (the “Independent Non-executive Director(s)”) and at least one of whom with appropriate professional qualifications or accounting or related financial management expertise.

2.2 The chairman of the Committee (the “Chairman”) shall be appointed by the Board and shall be an Independent Non-executive Director.

2.3 A former partner of the Company’s existing auditing firm shall be prohibited from acting as a member of the Committee within a period of at least two (2) 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.

* *For identification purposes only*

3. ATTENDANCE AT MEETINGS

- 3.1 Only members of the Committee have the right to attend Committee meetings. The management staff of the Company in charge of finance and accounting functions and representative(s) of the external auditors shall normally attend Committee meetings. Other Board members, executives of the Company and its subsidiaries (the “Group”), representative(s) of the investment manger and external advisors may be invited to attend for all or part of any meetings, as and when appropriate.
- 3.2 The Committee shall meet at least once a year with the external auditors without executive Board members present.

4. SECRETARY

The company secretary of the Company (the “Company Secretary”) shall be the secretary of the Committee (the “Secretary”). In the absence of the Secretary in any meetings of the Committee, a member of the Committee or a representative of the Secretary shall act as the secretary of the meeting of the Committee.

5. QUORUM

The quorum necessary for the transaction of business shall be two members. 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.

6. FREQUENCY AND PROCEDURES OF MEETINGS

- 6.1 Meetings shall be held at least twice a year. The external auditors or any members of the Committee may request a meeting with or without the presence of executive directors of the Company if they consider that one is necessary. The members may adopt from time to time the procedure governing the convening of the Committee meetings, the means and procedure for the passing of resolutions at meetings of the Committee.

- 6.2 The Chairman, in consultation with the Secretary of the Committee, should be primarily responsible for drawing up and approving the agenda for each Committee meeting. The Chairman, with the assistance of the Secretary, shall ensure that all members shall have sufficient information in a timely manner to enable effective discussion at a Committee meeting and be briefed on the issues arising at each Committee meeting.
- 6.3 The meetings and proceedings of the Committee are governed by the provisions of the bye-laws of the Company for regulating the meetings and proceedings of the Board so far as the same are applicable.
- 6.4 Notice of any Meetings has to be given at least 3 days prior to any such Meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a Meeting by a Member shall be deemed waiver of the requisite length of notice by the Member. Notice of any adjourned Meetings is not required if adjournment is for less than 3 days.
- 6.5 Meetings can either be held in person or through live electronic means of communication such as teleconference or videoconference.
- 6.6 Resolutions of the Audit Committee shall be passed by a majority of votes.
- 6.7 A resolution in writing signed by all the Members of the Audit Committee shall be as effect for all purposes as a resolution of the Audit Committee passed at a meeting duly convened, held and constituted.

7. MINUTES OF MEETINGS

Full minutes of Audit Committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be 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.

8. AUTHORITY

- 8.1 The Committee is authorised by the Board to investigate any activities within its terms of reference. It is also authorised by the Board to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee.
- 8.2 The Committee is authorised by the Board at the expense of the Company, subject to prior discussion concerning the cost, 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.

9. DUTIES

- 9.1 The duties of the Committee shall include the following aspects: –

A Relationship with external auditor

- (a) to be primarily responsible for making recommendation 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 any questions of resignation or dismissal of that auditor;
- (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 Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

- (c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, external auditor include any entities that is under common control, ownership or management with the audit firm or any entities that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
- (d) to act as the key representative body for overseeing the Company's relations with the external auditor.

B Review of financial information of the Company

- (a) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements 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 qualifications;
 - v. compliance with accounting standards; and
 - vi. compliance with the Listing Rules and legal requirements in relation to financial reporting.

- (b) In regard to B (a) 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 such reports 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.

C 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 Company’s risk management and internal control systems;
- (b) to discuss the risk management and internal control systems with management and ensure that management has performed its duty to have effective control systems. The discussion should include the adequacy of resources, staff qualifications and Experience, training programmes and budget of the Company’s accounting and financial reporting function;
- (c) to consider any 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 those 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 discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);
- (f) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
- (g) to review the Group's financial and accounting policies and practices;
- (h) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (i) to report to the Board on the matters in the Code Provisions as stated in Appendix 14 in the Listing Rules;
- (j) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matter. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
- (k) to consider other topics, as defined by the Board.

D Oversight of the Company's Corporate Governance Matters

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of directors and senior management;

- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;
- (e) to review the issuer's compliance with the code and disclosure in the Corporate Governance Report; and
- (f) to consider other topics, as defined by the Board.

10. REPORTING RESPONSIBILITIES

- 10.1 The Chairman of the Audit Committee or in his/her absence, another Member (who must be an Independent Non-executive Director) of the Audit Committee, shall attend the annual general meeting of the Company and be prepared to respond to shareholders' questions on the Audit Committee's activities and their responsibilities;
- 10.2 The Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities; and
- 10.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The English text of these terms of reference shall prevail over the Chinese text in case of any inconsistency,