



TRADELINK ELECTRONIC COMMERCE LIMITED

貿易通電子貿易有限公司

(the “Company”)

(Incorporated in Hong Kong under the Companies Ordinance with limited liability)

(Stock Code: 536)

Terms of Reference of the Audit and Governance Committee

Objective

The Audit and Governance Committee shall be responsible for:

- (a) ensuring the objectivity and credibility of the financial reporting of the Company and compliance with the code provisions on risk management and internal control under the Appendix C1 of the Main Board Listing Rules - Corporate Governance Code (the “**Code**”) and Corporate Governance Report; and
- (b) ensuring and upholding good corporate governance functions of the Company.

Membership

1. The Audit and Governance Committee shall consist of not less than three members, the majority of which must be Independent Non-executive Directors. The board of directors of the Company (“**Board**”) may remove any member or all members of the Audit and Governance Committee at its sole discretion. The Board may from time to time vary the composition of the Audit and Governance Committee as may be required by the Listing Rules. All of the members shall be appointed by the Board.
2. The Chairman of the Audit and Governance Committee shall be appointed by the Board from among its Independent Non-executive Directors.
3. A quorum shall be two members.

Frequency of Meeting

1. The Audit and Governance Committee shall meet at least twice a year. The external auditor may request a meeting if considered necessary.
2. The Chairman of the Audit and Governance Committee may convene additional meetings as he considers necessary.

Notice of Meeting

1. Meetings of the Audit and Governance Committee shall be called by its Chairman or at the request of the Board.
2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda and accompanying Committee papers and items to be discussed, shall be issued to each member of the Audit and Governance Committee and any other person required to attend at least 3 days prior to the date of the meeting unless all members of the Audit and Governance Committee unanimously waive such notice.
3. Resolutions shall be passed by a majority of votes or by unanimous written resolutions.
4. Meetings could be held in person, by teleconference or by video conference.

Attendance at Meeting

1. The Executive Directors, the Chief Financial Officer, the Head of the Internal Audit Department, and a representative of the external auditor shall normally attend meetings. Other Board members shall have the right to attend meetings of the Audit and Governance Committee. However, the Audit and Governance Committee shall meet with the external auditor of the Company without the presence of its Executive Directors, Chief Financial Officer and Head of the Internal Audit Department at least twice a year.
2. The Company Secretary or his nominee shall be the secretary of the Audit and Governance Committee.

Attendance at the Annual General Meeting

The Chairman of the Audit and Governance Committee or in his absence, another Audit and Governance Committee Member shall attend the Company's Annual General Meeting and be prepared to respond to shareholders' questions on the Audit and Governance Committee's duties and responsibilities.

Authority

1. The Audit and Governance Committee is authorized by the Board 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 and Governance Committee.
2. The Audit and Governance Committee is authorized by the Board, at the Company's expense to appoint legal or other independent professional advisers with relevant experience and expertise to assist the Audit and Governance Committee and to secure the attendance of such professional advisers at its meetings if it considers it necessary.
3. The Audit and Governance Committee is authorized to require management to provide it with such resources as may be necessary for it to discharge its duties.

Duties

The duties of The Audit and Governance Committee shall be:

- (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 any questions regarding the resignation or dismissal of the external 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;
- (c) to discuss with the external auditor before the audit process commences, the nature and scope of the audit and reporting obligations, and ensure coordination where more than one auditor is involved;

- (d) to develop and implement policy on the engagement of an external auditor to supply non-audit services (for which 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 having knowledge of all relevant information would reasonably conclude to be part of the audit firm nationally or internationally) and report to the Board on such policy, 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;
- (e) to monitor the integrity of the Company's financial statements, annual reports and accounts, half-year reports and to review significant financial reporting judgments contained in them;
- (f) in reviewing the reports mentioned in (e) above before submission to the Board, to focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the 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; and

in doing so, to:

- (i) liaise with the Company's Board and senior management to carry such review and meet, at least twice a year, with the Company's auditors; and
 - (ii) consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and 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;
- (g) to act as the key representative body for overseeing the Company's relationship with the external auditor; and discuss problems and reservations

arising from the interim and final financial statements, and any other matters the external auditor may wish to discuss (in the absence of management where necessary);

- (h) to review the external auditor's management letter, and material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
- (i) to ensure that the Board provides a timely response to the issues raised in the external auditor's management letter;
- (j) to review the Company's financial and accounting policies and practices; the Company's financial controls, risk management and internal control systems; and the Company's statement on risk management and internal control systems to be included in the annual report prior to endorsement by the Board;
- (k) to discuss with the management the risk management and internal control systems to ensure that management has discharged its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;
- (l) to consider the findings of any major investigations of risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (m) to review and monitor the effectiveness of the internal audit function, ensure co-ordination between the internal and external auditors and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- (n) to report on how the Committee met its responsibilities in its review of the half-yearly and annual results, its review of the risk management and internal control systems, the effectiveness of the Company's internal audit function, and its other duties under the Code;
- (o) to update and maintain the whistle-blowing procedures;

- (p) to review and make arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters and ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;
- (q) to have a private session with the Head of the Internal Audit Department during the interim/annual audit to discuss any reported cases; and to investigate and report back to the Board such cases with recommended remedial actions;
- (r) to approve the engagement, dismissal and remuneration of the Head of the Internal Audit Department;
- (s) to review the Company's compliance with the Corporate Governance Code (Appendix C1 to the Listing Rules) and disclosure in the Corporate Governance Report and Environmental, Social and Governance Report;
- (t) to develop, review and monitor the Company's policies and practices on corporate governance in compliance with legal and regulatory requirements and make recommendations to the Board;
- (u) to report to the Board on the matters set out in the above paragraphs and report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so; and
- (v) to consider other topics, as defined or instructed by the Board.

Reporting procedures

The secretary of the Audit and Governance Committee shall circulate the minutes of meetings of the Audit and Governance Committee to all members of the Board.

Hong Kong, 24 May 2024