



UNQ HOLDINGS LIMITED

优越汇控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2177)

(the “Company”)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Adopted at the Board Meeting on 21 June 2021

Constitution

1. The board of directors (the “**Board**”) of the Company has resolved on 21 June 2021 to establish a committee known as the Audit Committee (the “**Audit Committee**”).

Membership

2. The Audit Committee shall consist of not less than three members who shall be non-executive directors of the Company with a majority of independent non-executive directors who meet the independence requirements as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (as amended from time to time). At least one of the members 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 Listing Rules.
3. The company secretary of the Company or his representative (in his absence) shall be the secretary of the Audit Committee (the “**Secretary**”). The Audit Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary.
4. A former partner of the Company’s existing auditing firm (“**Auditing Firm**”) is prohibited from acting as a member of the Audit Committee for a period of two years from the date of his ceasing:
 - (a) to be a partner of the Auditing Firm; or
 - (b) to have any financial interest in the Auditing Firm,whichever is the later.
5. No member of the Audit Committee shall appoint any alternate to attend the meeting or perform his duties.
6. The members and the chairman of the Audit Committee shall be appointed and removed by the Board and the chairman of the Audit Committee must be an independent non-executive director.
7. Meetings and proceedings of the Audit Committee shall be governed by the provision of the Articles of Association of the Company for regulating the proceedings of meetings of the Board.

Notice of meeting

8. Unless otherwise agreed by all members of the Audit Committee, the notice of convening a meeting of the Audit Committee shall be issued not less than two working days before the meeting.
9. The notice of meeting shall state the date, time and venue of the meeting. An agenda shall also be attached to the notice.

Quorum and attendance at meetings

10. The quorum of the Audit Committee shall be two members.
11. The financial controller and other person-in-charge of finance shall normally attend meetings. As the Audit Committee requested, representatives of the external auditor may be invited. However, at least once a year the Audit Committee shall meet with the external auditor without executive Board members present.

Frequency of meetings

12. Meetings shall be held at least twice a year. The Board, members of the Audit Committee or the external auditors may demand additional meetings when necessary.

Vote

13. Resolutions of the Audit Committee shall be passed by a majority of votes of the members present. In the case of an equality of votes, the chairman of the Audit Committee shall have a second vote or casting vote.

Authority

14. The authorities and responsibilities of the Audit Committee shall include such responsibilities and authorities set out in the code provisions of the Corporate Governance Code (the “**CG Code**”) in Appendix 14 to the Listing Rules (as amended from time to time), including but not limited to:
 - (a) the Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee of the Company and all employees are directed to co-operate with any request made by the Audit Committee.
 - (b) to seek legal or other independent professional advices from external parties, and invite the external parties with relevant experience and expertise to attend its meetings.
15. Where the Board disagrees with the Audit Committee’s view on the selection, appointment, resignation or dismissal of the external auditor, the Audit Committee will arrange for the Corporate Governance Report to include an explanation of the Audit Committee’s view and the reasons why the Board has taken a different view.
16. The Audit Committee shall be provided with sufficient resources for the performance of its duties, including resources for seeking independent professional advices.

Functions

17. Subject to the CG Code, the terms of reference of the Audit Committee shall include but not limited to the following duties:

Relationship with the Company's auditors

- (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 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 should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences, and to ensure co-ordination where more than one audit firm is involved;
- (c) to develop and implement the policy on engaging an external auditor 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 should report to the Board, and make recommendations on any matters where action or improvement is needed;

Review of financial statements of the Company

- (d) to monitor integrity of the Company's financial statements and annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained therein. In reviewing these 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 legal requirements in relation to financial reporting;

- (e) In regard to (d) above:
 - (i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors;
 - (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and it 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; and
 - (iii) to discuss problems and reservations arising from the interim review and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);

Oversight of the Company's financial reporting system and internal control procedures

- (f) to review the Company's financial controls, internal control and risk management systems;
- (g) to discuss the internal control systems with management to ensure that management has performed its duty to have effective internal control systems, and evaluate every year whether such systems are effective, sufficient and suitable. The discussion should include but not limited to all important aspects of internal controls (including strategy, financial, operational, information technology, risk management, legal and compliance controls etc.), the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (h) to consider major investigations findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (i) 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;
- (j) to consider major investigations 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;
- (k) to review the group's financial and accounting policies and practices;
- (l) 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;
- (m) to review and monitor the effectiveness of the internal audit function, to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;

- (n) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (o) to review arrangements by which employees can raise in confidence concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee is to ensure proper arrangements are in place for the fair and independent investigation of such concerns and appropriate follow up action;
- (p) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (q) to report to the Board on the matters set out above; and
- (r) to consider other topics, as defined by the Board.

Reporting procedures

18. The chairman of the Audit Committee, having discussed with other members, shall be 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 be promptly provided with sufficient information to enable effective discussion at a Committee meeting.
19. The Secretary shall record minutes of all duly constituted meetings of the Audit Committee. All minutes shall record in sufficient detail the matters considered, decisions reached or recommendations made and any concerns raised by any member including dissenting views of any member. The Secretary or his representative shall circulate the draft and final versions of the minutes and reports of the Audit Committee to all members of the Audit Committee for their comments and records within a reasonable time after each meeting.
20. The Audit Committee shall report to the Board on its decisions or recommendations, subject to legal or regulatory restrictions.

Annual general meeting of the Company

21. The Chairman and other members of the Audit Committee shall attend the annual general meeting of the Company, and be ready to respond to questions on activities and duties of the Audit Committee raised by the shareholders of the Company.