

UBOT HOLDING LIMITED
TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. CONSTITUTION

*The board of directors of the Company (the “**Board**”) hereby constitutes and establishes an audit committee (the “**Audit Committee**”) with the authority, responsibility, and specific duties as described below.*

2. MEMBERSHIP

- 2.1 *The members of the Audit Committee (the “**Members**”) shall be appointed by the Board, and the Audit Committee shall consist of not less than three (3) members comprising non-executive directors.*
- 2.2 *The majority of the members of the Audit Committee shall be independent non-executive directors and at least one of whom shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).*
- 2.3 *The chairman of the Audit Committee shall be appointed by the Board, and must be an independent non-executive director.*
- 2.4 *A former partner of the Company’s existing auditing firm shall be prohibited from acting as a Member for a period of two (2) years from the date of the person ceasing:*
- (a) to be a partner of the firm; or*
- (b) to have any financial interest in the firm,*
- whichever is later.*

3. RESPONSIBILITY

- 3.1 *The function of the Audit Committee is to assist the Board to provide an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Company and its subsidiaries (the “**Group**”), to oversee audit process and to perform other duties and responsibilities as assigned by the Board.*
- 3.2 *The Audit Committee should serve as a focal point for communication between other directors, the external auditors, and the management as their duties relate to financial and other reporting, internal controls, and the audits.*
- 3.3 *The Audit Committee will report its findings in the annual and interim reports of the Company when*
- (a) the findings reveal any significant or material costs or damages to the Company;*
- (b) the findings reveal any material non-compliance with laws and regulations or standard principles of accounting; or*
- (c) the findings reveal any potential significant or material risks to the Company.*

4. AUTHORITY

The Audit Committee is granted the authority to investigate any activity within its terms of reference and all employees of the Company are directed to cooperate as requested by members of the Audit Committee. The Audit Committee is authorized by the Board to obtain outside legal or other independent professional advice as necessary to assist the Audit Committee and shall be provided with sufficient resources to perform its duties. As part of its functions, the Audit Committee will review the regular reports of the Company's internal audit department (the "Internal Audit Department") and will have the power to request further information from the Internal Audit Department as well as require the Internal Audit Department to prepare specific reports dealing with particular internal controls or compliance issues for review by the Audit Committee as and when necessary.

5. DUTIES

5.1 The duties of the Audit Committee include:

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. Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the corporate governance report a detailed explanation of the Audit Committee's view and the reasons for the Board to have taken such a different view;*
- (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 shall 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" 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 shall identify and make recommendations on any matters where action or improvement is needed;*

Review of the Company's financial information

- (d) to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee shall 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 assumption and any qualifications;**

- (v) compliance with accounting standards; and*
- (vi) compliance with the GEM Listing Rules and legal requirements in relation to financial reporting;*
- (e) Regarding to paragraph 5.1(d):*
 - (i) the Members shall liaise with the Board and the Executive Management Team (the “EMT”) and the Audit Committee must meet, at least twice a year, with the Company’s auditors; and*
 - (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it shall 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.*

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 system with the EMT to ensure that management has performed its duty to have an effective internal control system. This discussion shall include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company’ accounting and financial reporting function;*
- (h) to consider major investigation 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 review the financial and accounting policies and practices of the Group;*
- (k) 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;*
- (l) to ensure that the Board will provide a timely response to the issues raised in the external auditor’s management letter;*
- (m) to report to the Board on the matters in the code provisions in relation to audit committees contained in Part 2 of Appendix C1 to the GEM Listing Rules (as amended from time to time);*
- (n) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;*
- (o) to act as the key representative body for overseeing the Company’s relations with the external auditor;*

(p) *to consider other topics, as defined by the Board from time to time.*

Oversight of the Company's corporate governance function

(q) *to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;*

(r) *to review and monitor the training and continuous professional development of directors and the EMT;*

(s) *to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;*

(t) *to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and*

(u) *to review the Company's compliance with the Corporate Governance Code in Appendix C1 to the GEM Listing Rules and disclosure in the corporate governance report.*

6. MEETINGS

6.1 *The Audit Committee shall meet at least twice a year.*

6.2 *The external auditors may request a meeting to be held if they consider it necessary.*

6.3 *A quorum shall be two Members.*

6.4 *Resolutions of the Audit Committee at any meeting shall be passed by a majority of votes of the Members present. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.*

7. ATTENDANCE

7.1 *As necessary or desirable, the chairman of the Audit Committee may request that members of management and representatives of the external auditors be present at meetings of the Audit Committee. Other directors of the Board shall also have the right of attendance. However, at least once a year, the Audit Committee shall meet with the external auditors without executive directors of the Board present.*

7.2 *Meetings can be held in person, by way of telephone or video conference. Members may participate in a meeting by means of a conference telephone, similar communications equipment or through other means of electronic communications as long as all participants in the meeting can communicate simultaneously with each other.*

8. SECRETARY

8.1 *The company secretary of the Company (the "Company Secretary") shall be the secretary of the Audit Committee.*

8.2 *In the absence of the Company Secretary, the Audit Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Audit Committee.*

9. MINUTES

9.1 *Full minutes of the meetings of the Audit Committee shall be kept by the Company Secretary and draft and final versions of minutes of the meetings shall be sent to all Members for their comments and records within a reasonable time after the meeting.*

9.2 *The Company Secretary shall circulate the minutes of meetings of the Audit Committee to all directors of the Board.*

10. WRITTEN RESOLUTIONS

A resolution in writing signed by all Members shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.

11. ANNUAL GENERAL MEETING

The chairman of the Audit Committee, or in his absence another Member, or failing this his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to respond to questions on the Audit Committee's activities and their responsibilities.

12. GENERAL

The Audit Committee should make available these terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange's website and the Company's website.