



**UTS Marketing Solutions Holdings Limited**  
*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 6113)**

**Audit Committee - Terms of Reference**

The board of directors (the “**Board**”) of UTS Marketing Solutions Holdings Limited (the “**Company**”) which together with its subsidiaries, the “**Group**”) has established a committee of the Board known as the Audit Committee (the “**Audit Committee**”) with its constitution and particular duties set out below:-

**1. Membership**

- 1.1 The Audit Committee shall be appointed by the Board and should comprise a minimum of three (3) members (the “**Members**”).
- 1.2 The Members shall be appointed from amongst the non-executive directors of the Company. The majority of Members should be independent non-executive directors of the Company, at least one (1) of whom shall be an independent non-executive director with professional qualifications or accounting or related financial management expertise as required under Rule 3.10 (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).
- 1.3 The Board shall appoint the chairman of the Audit Committee. The chairman must be an independent non-executive director of the Company.
- 1.4 The appointment of the chairman, the Members and the Secretary (as defined below) of the Audit Committee may be revoked, or additional members may be appointed to the Audit Committee by separate resolutions passed by the Board.
- 1.5 A former partner of the Company’s existing auditing firm shall not act as a Member of the Audit Committee until one year after the commencement of the later of 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 the later.
- 1.6 The term of each appointment to the Members of the Audit Committee shall be determined by the Board upon appointment.

**2. Secretary**

- 2.1 The company secretary of the Company or in his/ her absence, his / her delegate, shall be the secretary of the Audit Committee (the “**Secretary**”).
- 2.2 In the absence of the Secretary, the Members of the Audit Committee present at the meeting may elect any other person with appropriate qualification and experience to act as the secretary of the Audit Committee.

**3. Meetings**

- 3.1 Meetings of the Audit Committee shall be held not less than two (2) times a year. The external auditors may make the request to the chairman of the Audit Committee to convene a meeting of the Audit Committee.
- 3.2 Unless otherwise agreed or waived, notice of each meeting confirming the venue, time and date shall be sent to each Member of the Audit Committee, and to any other person required to attend in relation to all regular meetings of the Audit Committee, at least seven (7) days before the date of the meeting; and in relation to continued meetings held within 14 days, no prior notice is required. Notwithstanding the notification period, the attendance of a Member at the meeting would deem to be treated as waiver of the required notification requirement.
- 3.3 Notice shall be given to each Member of the Audit Committee orally in person or in writing or by telephone or by facsimile or electronic transmission at the email address from time to time notified to the Secretary by such Member or by such other means as the Members may from time to time determine. Any notice given orally shall be confirmed in writing.
- 3.4 The quorum of Audit Committee meetings shall be two (2) Members, one of them should be an independent non-executive director of the Company.
- 3.5 The Members may attend meetings either in person, by telephone conference or other communications equivalent through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.
- 3.6 Resolutions of the Audit Committee shall be passed with a simple majority of votes.
- 3.7 Upon invitation by the Audit Committee, the following persons may attend all or any of the meetings; (a) the head of internal audit or (if absent) the representative of internal audit; (b) the financial controller; (c) other Board members.
- 3.8 Only the Members shall have the voting powers. Other Directors who are not members of the Audit Committee shall not be counted in the quorum.
- 3.9 In the case of an equality of votes at a meeting of the Audit Committee, the chairman of the meeting shall have the casting vote.
- 3.10 Resolutions signed by all Members of the Audit Committee will be treated valid as if it is passed in the meeting held by the Audit Committee.
- 3.11 Minutes of the Audit Committee meetings shall be kept by the Secretary of the Audit Committee and shall be made available for inspection by any Member of the Audit Committee and/or any director of the Company at any reasonable time on reasonable notice. 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. Once they are agreed, the Secretary of the Audit Committee shall circulate the minutes and reports of the Audit Committee to all members of the Board.

#### **4. Attendance of meetings with external auditors**

The Audit Committee shall attend meetings at least once a year with the external auditors without executive Board members present (except those invited by the Audit Committee).

## **5. Annual general meetings**

The chairman of the Audit Committee shall attend the annual general meetings of the Company and be prepared to respond to any shareholder questions on the Audit Committee's activities. If the chairman of the Audit Committee is unable to attend, a Member of the Audit Committee (who must be an independent non-executive director) shall attend the annual general meeting of the Company. Such person shall be prepared to respond to any shareholder questions on the Audit Committee's activities.

## **6. Authority**

6.1 The Audit Committee is authorized by the Board to inspect all accounts, reports and records of the Company.

6.2 In order to fulfill its duties, the Audit Committee is eligible to request the management of the Company to provide any figures related to the financial status of the Company, its subsidiaries and associates.

6.3 The Audit Committee is authorized by the Board when necessary to seek any financial information it requires from any employee of the Group, to require any of them to prepare and supply financial information and answer questions raised by the Audit Committee.

6.4 The Audit Committee shall report to the Board any suspected frauds or irregularities, failures of internal control and suspected infringements of any laws, rules and regulations which come to its attention and are of sufficient importance.

6.4 The Audit Committee is authorized by the Board when necessary to obtain outside legal or other independent professional advice in connection with its duties at the Company's expenses.

6.5 The Audit Committee shall have access to sufficient resources in order to perform its duties.

## **7. Duties and responsibilities**

The Audit Committee is to serve as a focal point for communication between other directors, the external auditors, and the management of the Group as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of the effectiveness of financial reporting process, internal control and risk management of the Group and making recommendations to the Board. The duties of the Audit Committee are as follows:

### *(A) Relationship with the external auditors*

7.1 to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and to approve the

remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal of that auditors;

- 7.2 to act as the key representative body for overseeing the Company's relations with the external auditors;
- 7.3 to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- 7.4 to discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences and to ensure co-ordination when more than one audit firm is involved;
- 7.5 to develop and implement policy on the engagement of the external auditors to supply non-audit services. For this purpose, "external auditors" 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;
- 7.6 to 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;

*(B) Review of the Company's financial information*

- 7.7 to review and monitor the integrity of financial statements of the Company and the Company's annual report and accounts and half-year report 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, focusing particularly on:
  - (a) any changes in accounting policies and practices;
  - (b) major judgmental areas;
  - (c) significant adjustments resulting from the audit;
  - (d) the going concern assumptions and any qualifications;
  - (e) compliance with the accounting standards; and
  - (f) compliance with the Listing Rules and other legal requirements in relation to financial reporting;
- 7.8 in regard to the duties under paragraph 7.7 above,
  - (a) the Members should liaise with the Board and senior management of the Company;
  - (b) the Audit Committee must meet, at least twice a year, with the external auditors of the Company; and

- (c) 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;

7.9 where the reports or accounts have been reviewed or audited, the Members shall discuss problems and reservations arising from such reviews and audits, and any matter the auditors of the Company may wish to discuss.

*(C) Oversight of the Company's audit process, financial reporting system and internal control procedures*

7.10 to review the Company's audit process, financial controls, internal control and risk management systems;

7.11 to discuss the internal control system and risk management system with the management of the Group and to ensure that management of the Group has performed its duty to have effective systems. The discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial functions;

7.12 to consider major investigation findings on internal control and risk management matters as delegated by the Board or on its own initiative and the responses of the Group's management to such findings;

7.13 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;

7.14 to review the Group's financial and accounting policies and practices;

7.15 to review the external auditors' letter, any material queries raised by the external auditors to the management of the Group about accounting records, financial accounts or systems of control and the responses of the Group's management;

7.16 to ensure that the Board will provide timely responses to the issues raised in the external auditors' letter;

7.17 to report to the Board on the matters set out in the Corporate Governance Code and Corporate Governance Report (the "Code") in Appendix 14 to the Listing Rules;

7.18 to consider other duties and responsibilities, as required by the Board, to be performed by the Audit Committee;

*(D) Others*

7.19 to review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control, risk management system or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate

follow-up action;

- 7.20 to act as the key representative body for overseeing the Company's relations with the external auditors;
- 7.21 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 statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board has taken different view;
- 7.22 to develop and review the Company's policies and practices on corporate governance and to make recommendations to the Board;
- 7.23 to perform the Company's corporate governance functions;
- 7.24 to review and monitor the training and continuous professional development of directors and senior management of the Company;
- 7.25 to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- 7.26 to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and
- 7.27 to review the Company's compliance with the Code and disclosure in the Corporate Governance Report of the Company.

## **8. Reporting responsibilities**

- 8.1 After each meeting, the Audit Committee shall report formally to the Board on all matters within its duties and responsibilities within a reasonable time after the meeting.
- 8.2 The Audit Committee shall report to the Board on its decision or recommendations on a regular basis.

## **9. Disclosure**

The Audit Committee should make available these Terms of Reference by including them on the Stock Exchange's website and the Company's website.

## **10. Interpretation and amendments**

- 10.1 The power of interpretation of these Terms of Reference shall be vested in the Board.
- 10.2 The Board may amend these Terms of Reference from time to time.
- 10.3 If there is any inconsistency between the English and Chinese versions of these Terms of Reference, the English version shall prevail.

*(Adopted by the Company pursuant to the Board's resolutions passed on 14 June 2017)*