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Guming Holdings Limited
古茗控股有限公司
(A company incorporated in the Cayman Islands with limited liability)
(Stock code: 01364)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The audit committee (the "**Committee**") of Guming Holdings Limited (古茗控股有限公司) (the "**Company**") was established pursuant to a resolution passed by the board of directors of the Company (the "**Board**") on January 27, 2025. Set out below are the terms of reference (the "**Terms of Reference**") of the Committee. The Terms of Reference are available for viewing in English and Chinese. If there is any inconsistency between the English and the Chinese versions of the Terms of Reference, the English version shall prevail. All references to the Listing Rules (see below defined) are to the version in force including amendments made from time to time to the extent applicable.

1. PURPOSE

1.1 The purpose of the Committee is to assist and advise the Board in establishing formal and transparent arrangements to consider how the Board should apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's auditor, and to review and monitor the Company's environmental, social responsibility and corporate governance ("**ESG**") policies and practices to ensure compliance with the relevant legal and regulatory requirements, monitor and respond to emerging ESG issues and make recommendations to the Board where appropriate to improve the ESG performance of the Company and its subsidiaries (collectively, the "**Group**").

2. COMPOSITION

2.1 Members of the Committee shall be appointed by the Board from time to time and shall comprise a minimum of three members consisting of non-executive directors only and consist of a majority of independent non-executive directors who shall meet the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) (the "**Listing Rules**"). The Committee must comprise of at least one independent non-executive director who has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

2.2 The Board shall appoint one member of the Committee as the chairperson (the "**Chairperson**"), who must 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 for a period of two years from the date of them ceasing: (i) to be a partner of the firm; or (ii) to have any financial interest in the firm, whichever is later.

3. MEETINGS

3.1 Unless otherwise specified hereunder, the provisions contained in the Company's articles of association (the "**Articles**") (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Committee.

3.2 Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication or in such other manner as the members may agree.

3.3 The Committee shall meet at least twice annually, or more frequently if circumstances require.

3.4 The Board, any member of the Committee and the external auditor may request a meeting if they consider that one is necessary.

3.5 The Committee shall meet with the external auditor at least twice a year. At least once a year the Committee shall meet with the external and internal auditors without executive directors present.

3.6 Members of the Committee may be represented at a meeting of the Committee by an alternate appointed by them.

3.7 The Chairperson shall be responsible for leading the Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.

3.8 A meeting of the Committee may be convened by any of its members.

3.9 A quorum shall be two members of the Committee.

3.10 Unless otherwise agreed by all the members of the Committee, notice of at least seven days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given. The Chairperson shall determine whether or not a meeting of the Committee is a regular meeting.

3.11 The agenda and accompanying supporting papers shall be sent to all members of the Committee and to other attendees as appropriate at least three days before the date of the meeting (or such other period as the members may agree).

3.12 Each member shall have one vote. Subject to the Articles, questions arising at any meeting of the Committee shall be decided by a majority of votes, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

3.13 The members of the Committee shall appoint a secretary of the Committee (the "**Secretary**") to take minutes. In the absence of the Secretary, their delegate(s) or any person elected by the members of the Committee present at the meeting of the Committee shall attend the meeting of the Committee and take minutes. Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the Chairperson or the Secretary of the meeting or succeeding meeting.

3.14 Full minutes of meetings of the Committee shall be kept by the Secretary or the company secretary (as applicable from time to time). They shall be open for inspection at any reasonable time on reasonable notice by any director.

3.15 Minutes of meetings of the Committee and the record of individual attendance at such meetings shall be prepared by the Secretary which shall be sent to all members of the Committee within a reasonable time after the conclusion of any meeting of the Committee for their comment and records. For the purposes of recording attendance only, the attendance of an alternate of members of the Committee will not be counted as attendance by the relevant member of the Committee themselves. The minutes of meetings shall record in sufficient detail of the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed.

3.16 Without prejudice to any requirement under the Listing Rules, a resolution in writing signed by all the members of the Committee (or their respective alternate) shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

4. ACCESS

4.1 The Committee shall have full access to management and may invite members of management or others to attend its meetings.

4.2 The Company should provide the Committee with sufficient resources to perform its duties, including but not limited to, obtaining independent professional advice and assistance from internal or external legal, accounting or other advisors at the expense of the Company if necessary.

5. REPORTING PROCEDURES

5.1 The Committee shall evaluate and assess its effectiveness and the adequacy of these Terms of Reference on an annual basis (or from time to time) and recommend any proposed changes to the Board.

5.2 The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

6. AUTHORITY

6.1 The authorities and responsibilities of the Committee shall include such authorities and responsibilities set out in the relevant code provisions of the Corporate Governance Code (the "**CG Code**") and the Environmental, Social and Governance Reporting Code (the "**ESG Code**") as contained in Appendix C1 and Appendix C2, respectively, to the Listing Rules (as amended from time to time).

6.2 The Committee is authorised by the Board to investigate any activity within these Terms of Reference. It is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Committee.

6.3 Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Company should include in the corporate governance report a statement from the Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

7. RESPONSIBILITIES AND DUTIES

Without prejudice to any requirements under the CG Code and the ESG Code, the duties of the Committee shall include the following:

7.1 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;

7.2 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;

7.3 to develop and implement policies on engaging an external auditor to supply non-audit services. For this purpose, an "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 Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

7.4 to monitor the integrity of the Company's financial statements, annual reports, accounts, half-yearly reports 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 Committee should focus 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 accounting standards; and

(f) compliance with the Listing Rules and legal requirements in relation to financial reporting;

7.5 regarding paragraph 7.4 above:

(a) 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 auditor; and

(b) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and the Committee 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;

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

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

7.8 to consider 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 these findings;

7.9 where an internal audit function exists, to ensure co-ordination between the internal and external auditor, 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;

7.10 to review the Group financial and accounting policies and practices;

7.11 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;

7.12 to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

7.13 to report to the Board on the matters in the CG Code;

7.14 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 and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

7.15 to act as the key representative body for overseeing the Company's relations with the external auditor;

7.16 to develop and review the Company's ESG vision, strategy, framework, principles and policies, and make relevant recommendations to the Board, and implement the ESG policies laid down by the Board;

7.17 to review and monitor the Company's ESG policies and practices to ensure compliance with legal and regulatory requirements;

7.18 to pursue initiatives to promote the Company's ESG, and set corporate objectives, targets, key performance indicators and measures to ascertain performance against prioritised ESG areas as appropriate;

7.19 to develop, review and monitor the code of conduct and compliance manual in relation to ESG matters (if any) applicable to the directors and employees;

7.20 review the Company's compliance with the ESG Code;

7.21 review the Group's annual report or special reports (if any) on environmental protection, social responsibility and corporate governance;

7.22 monitor and respond to emerging ESG issues and make recommendations to the Board where appropriate to further the Company's ESG performance;

7.23 support local and overseas external ESG-related initiatives where appropriate to help promote ESG;

7.24 do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board in relation to health, safety, environment, social responsibility and corporate governance;

7.25 to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

7.26 to review and monitor the training and continuous professional development of directors and senior management of the Company;

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

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

7.29 to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the Company's annual reports and summary financial reports (if any); and

7.30 to consider such other matters as the Board may from time to time determine.

8. ANNUAL GENERAL MEETING

8.1 The Chairperson or in their absence, another member of the Committee or failing this, their duly appointed delegate, shall attend the annual general meeting (the "**AGM**") of the Company and be prepared to respond to questions at the AGM on the Committee's work and responsibilities.