



AMVIG HOLDINGS LIMITED
澳 科 控 股 有 限 公 司 *
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2300)

TERMS OF REFERENCE

FOR

AUDIT COMMITTEE

Adopted and recommended by the Audit Committee on 14th Aug 2006.

Approved by the Board of Directors on 14th Aug 2006

1st Amended by 29 March 2012

2nd Amended by 21 December 2015

* *For identification purposes only*

AMVIG HOLDINGS LIMITED

澳科控股有限公司

These terms of reference govern the operation of the Audit Committee. The Committee shall review and reassess the terms of reference and the effectiveness of the Committee at least annually and shall obtain the approval of the board of directors for any amendments.

Authority

The Audit Committee is formed pursuant to the resolution of the board of directors of AMVIG Holdings Limited (the “Company”) to assist the board in fulfilling its corporate governance and oversight responsibilities, particularly in relation to the Company’s audit functions, financial reporting, risk management and internal control structure.

The Committee is authorized by the board to:

- have unrestricted access to the internal audit function, management and employees of the Company ;
- have sufficient resources to perform its duties;
- investigate any matter, within its terms of reference, brought to its attention, with full access to all books, records, facilities and personnel of the Company, and with such personnel being directed to co-operate with any request made by the Committee; and
- engage external auditors, independent counsel and other professional advisers as it determines necessary to carry out its duties.

Responsibilities and duties

1. To contribute towards a climate of ethical behavior, discipline, risk management awareness and control within the Company ; and
2. To ensure that the Committee maintains an understanding of the Company’s structure,

controls and types of transactions in order to adequately assess the significant risks faced by the Company in its current environment.

3. To review and give recommendation for any transactions in compliance with the requirements under the Stock Exchange's Listing Rules.
4. To address other issues specifically delegated by the board, referred to in this terms of reference or arisen as a natural extension of the review of the Company's affairs in the course of the Committee's duties.

Relationship and communication with the Company's external auditor

1. To be primarily responsible for making recommendations to the board on the appointment, reappointment and removal of the external auditor;
2. To approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
3. To review and monitor the external auditor's independence and objectivity, and the effectiveness of the audit process in accordance with applicable standards;
4. To discuss with the external auditor the nature and scope of the external audit and reporting obligations before the audit commences;
5. To review with the external auditor before the audit commences, recent or anticipated developments in accounting principles or reporting practices that may affect the scope of the audit; to discuss identified audit risk areas and anticipated audit problems; and to suggest to the external auditor the performance of any supplementary audit or other agreed-upon procedures deemed by the Committee to be appropriate ;
6. To meet with the external auditor at least twice a year (and on an ad-hoc basis whenever the external auditor or the Committee consider it necessary), in the absence of management, to discuss matters relating to the audit fees, any issues arising from the audit and any other matters the auditor or the Committee may wish to raise ;
7. To review any material queries or issues raised by the external auditor with the Company's management in respect of the accounting records, financial accounts or systems of control, and management's response to such queries or issues. In general, to

help resolve disagreements between management and the external auditor ;

8. To review the external auditor's management comments letter and to ensure the management provides a timely response to the issues raised in the letter ;
9. 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, to ensure that the external auditor does not perform any services that impair or appear to impair the external auditor's judgment or independence in respect of the Company and to report to the board, identifying and making recommendations on any matters where action or improvement is needed;
10. To set clear hiring policies for employees or former employees of the external auditor in order to prevent the impairment or perceived impairment of the external auditor's judgment or independence in respect of the audit of the Company ; and
11. Overall, to act as the key representative body to oversee the Company's relationship with the external auditor, including relationships involving the provision of non-audit services.

Review of financial information of the Company

1. To review and monitor the completeness, integrity, accuracy and fairness of the Company's annual reports and accounts and financial statements, half-year reports and, if prepared for publication, quarterly report, and to review significant financial reporting judgments contained therein. In reviewing these reports before submission to the board of directors, the Committee should focus particularly on :
 - i. critical accounting policies and practices, and any changes therein ;
 - ii. major judgmental areas ;
 - iii. the extent to which the financial statements are affected by any unusual transactions, and how they are disclosed ;
 - iv. significant adjustments resulting from the audit ;
 - v. the going concern assumptions and any auditor's report qualifications ;
 - vi. the clarity of disclosures in the financial reports and statements ;

- vii. compliance with accounting standards; and
- viii. compliance with the Stock Exchange's Listing Rules and other legal requirements in relation to financial reporting.

In regard to point 1 above:

- 2. To liaise with the board and senior management ;
- 3. To meet with the external auditor as discussed at point 6 in the previous section ; and
- 4. To consider any significant or unusual items that are, or may need to be, reflected in the Company's financial reports and accounts and to give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting functions, compliance officer or external auditor.

Oversight of the Company's financial reporting system, risk management and internal control systems

- 1. To review the systems of financial control, internal control and risk management, and management and internal audit reports on their effectiveness ;
- 2. To discuss with management the systems of risk management and internal control and to ensure that management has performed its duty to have effective systems. Such discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions ;
- 3. To consider major investigation findings on risk management and internal control matters, as delegated by the board or instigated on the Committee's own initiative, and the response from the Company's management ;
- 4. To review the Group's financial and accounting policies and practices ;
- 5. To review all representation letters signed by the Company's management for the external auditor or other parties, to ensure that the information provided is complete and appropriate ;
- 6. To review the external auditor's management letter, any material queries raised by the

external auditors to the management about accounting records, financial accounts or systems of control and management's response;

7. To ensure that the board will provide a timely response to the issues raised in the external auditor's management letter;
8. Where an internal audit function exists, to :
 - i. review the internal auditor's mission and terms of reference ;
 - ii. approve the appointment or dismissal of the head of the internal audit function ;
 - iii. ensure that the internal audit function is adequately resourced and has appropriate standing within the Company ;
 - iv. discuss the scope of the internal audit function with the internal auditor, including the internal audit plans, work programs and quality control ;
 - v. review and monitor the effectiveness of the internal audit function on a regular basis ;
 - vi. consider management's response to internal audit recommendations ; and
 - vii. ensure that co-ordination between the internal and external auditors is adequate ;
9. To review, approve and monitor arrangement and procedures enabling the following, and ensuring that proper arrangements are in place for the fair and independent investigation and appropriate follow-up of such matters :
 - i. the receipt, retention and treatment of complaints received by the Company regarding accounting, financial reporting, risk management, internal control, auditing or other matters; and
 - ii. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting, or possible improprieties in financial reporting, risk management, internal control, auditing or other matters.

Review of the terms of transaction under the Stock Exchange's Listing Rules

1. To review the continuing connected transaction entered into by the Company annually for the purposes of disclosures in the annual report and accounts in accordance with Rule 14A.55 of the Stock Exchange's Listing Rules.
2. To give the views as to the fairness and reasonableness in relation to the terms of any transactions proposed to be entered or entered into by the Company which is connected

in nature or which requires the making of recommendation to the independent shareholders of the Company in accordance with the requirements under the Stock Exchange's Listing Rules.

General

1. To report the Committee's operations, decisions and recommendations to the board from time to time;
2. To ensure that at least a member of the Committee, preferably the Chairman of the Committee, attends the board meetings at which financial reports and financial statements are approved ;
3. To ensure that the Committee's terms of reference are made available to shareholders and other interested parties, through being posted on the Company's website and the Stock Exchange's website, and being made available on request from the company secretary ;
4. To prepare appropriate disclosures concerning the Audit Committee to be included in the Corporate Governance Report in the Company's annual report, to at least meet the minimum level of disclosures set out in the Stock Exchange's Listing Rules ;
5. To ensure that the Chairman of the Committee attends the Company's Annual General Meeting to answer relevant questions on the Committee's activities and responsibilities, and attends any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval to answer any relevant questions ; and
6. To consider other projects topics, within its terms of reference, as requested by the board from time to time.

Membership

The Committee will comprise solely non-executive directors and will, at all times, have a minimum of three members, a majority of whom will be independent non-executive directors. At least one independent non-executive director member of the Committee will possess appropriate professional qualifications, or accounting or related financial management expertise.

An independent non-executive director will be appointed by the board to the position of Chairman of the Committee.

The Committee may invite any other member of the Company's board or management, or any other person, to attend any meeting of the Committee as may, from time to time, be considered desirable to assist the Committee in discharging its responsibilities and duties.

Meetings

The Committee will meet as and when required to discharge its responsibilities and this includes coinciding with key periods in the Company's financial reporting cycle, and not less than two times a year in total. All meetings will be called by the secretary to the Committee as directed by the Chairman of the Committee. The external auditor or internal audit function may request a meeting if they consider that one is necessary.

In the absence of the Chairman of the Committee, another independent non-executive director will be elected Chairman of that meeting by the members present at the meeting.

Two independent non-executive directors present in person shall represent a quorum for Committee meetings.

Procedures regarding the calling of Committee meetings, advance notice given, and the opportunity for Committee members to include matters on meeting agendas will follow those in place for the board of directors itself, as far as is practicable.

The Committee can pass any resolutions by written resolutions signed by all members of the Committee.

Minutes

Minutes of meetings of the Committee shall be prepared and kept by the secretary to the Committee. Draft and final versions of each meeting's minutes will be sent to all Committee members for their comment and records, respectively, in both cases, within a reasonable time after the meeting. Once each meeting's minutes have been approved by the Chairman of the Committee, they will be distributed to all members of the board of directors for confirmation at the next board meeting.

Secretary to the Committee

The secretary to the Committee shall be the internal auditor or such senior management personnel appointed by the Committee.