



ZERO2IPO HOLDINGS INC.

清科創業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1945)

**Terms of Reference of the Audit Committee
(adopted on December 7, 2020)**

Definitions

1. For the purposes of these terms of reference (the “**Terms**”):

Audit Committee means the audit committee established by resolution of the Board in accordance with clause 2 of these Terms.

Board means the board of directors of the Company (as defined below).

Company means Zero2IPO Holdings Inc. (清科創業控股有限公司*), an exempted company incorporated in the Cayman Islands with limited liability on August 1, 2019.

Company Secretary means any one of the joint company secretaries of the Company.

Directors mean the members of the Board.

Listing Rules means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

Senior Management means the executive Directors and other members of senior management referred to in the Company’s prospectus in connection with its initial listing on the Stock Exchange or in its most recent annual report and any such other officer of the Company determined by the Board from time to time as senior management of the Company.

Stock Exchange means The Stock Exchange of Hong Kong Limited.

* *For identification purposes only*

Constitution

2. The Audit Committee was established by resolutions of the Board on December 7, 2020.

Membership

3. The members of the Audit Committee shall be appointed by the Board from among the non-executive Directors and shall consist of not less than three members, a majority of whom 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 by the Listing Rules.
4. A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of two year from the date of his/her ceasing:
 - (a) to be a partner of the firm; or
 - (b) to have any financial interest in the firm, whichever is later.
5. The chairman of the Audit Committee shall be appointed by the Board and shall be an independent non-executive Director.
6. The Company Secretary shall be the secretary of the Audit Committee. The Audit Committee may, from time to time, appoint any other person with the appropriate qualification and experience as secretary of the Audit Committee.

Attendance at meetings

7. The chief financial officer, the head of internal audit of the Company and a representative of the external auditors shall normally attend meetings of the Audit Committee. Other members of the Board and any other person may attend the meetings of the Audit Committee at the invitation of the chairman of the Audit Committee. However, the Audit Committee shall hold at least one meeting annually with the external and internal auditors in the absence of the executive Directors and other Senior Management, except by invitation of the chairman of the Audit Committee.

Frequency and conduct of meetings

8. The chairman shall be responsible for leading the Audit Committee, including giving notice of holding meetings, scheduling meetings, preparing agendas and making regular reports to the Board. The chairman of the Audit Committee shall convene a meeting upon the request of any member of the Audit Committee and external auditors. Meetings shall be held not less than twice a year.
9. Notice of any meetings shall be given at least seven days prior to a regular meeting of the Audit Committee and reasonable notice shall be given for any other meeting being held, unless all members of the Audit Committee unanimously waive such notice. The chairman shall determine whether or not a meeting of the Audit Committee is a regular meeting. Irrespective of the length of notice being given, attendance of a meeting by a member of the Audit Committee shall be deemed waiver of the requisite length of notice by such member. An agenda and accompanying meeting papers should be delivered in full to all members in a timely manner and at least three days before the intended date of a meeting of the Audit Committee (or such other period as agreed by its members). The agenda and accompanying meeting papers may be in paper form or electronic form, and may be delivered by post, by email or any other delivery method that could be received by members.
10. The quorum for meetings of the Audit Committee shall be two members. Members shall attend the meetings in person, or by telephone (or other similar communication equipment), as long as all the attendants of the meeting could listen and talk among themselves during the meeting. Under such circumstances, the attendants shall be considered as attending the meeting in person, counted in the quorum and entitled to vote.
11. Each member shall have one vote. Resolutions of the Audit Committee at any meetings shall be passed by a majority of votes of the members of the Audit Committee present. The chairman shall have a second or casting vote when an equality of votes occurs. A resolution in writing signed by all the members of the Audit Committee shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.
12. The Senior Management is obliged to supply the Audit Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied by the Senior Management must be complete and reliable. Where a member of the Audit Committee requires more information than is volunteered by the Senior Management, the relevant member of the Audit Committee should make additional necessary enquiries. The Audit Committee and each of its members shall have separate and independent access to the Senior Management.

Authority

13. The Audit Committee is authorized by the Board to investigate into any activity within these Terms. The Audit Committee is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
14. The Audit Committee is authorized by the Board to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if the Audit Committee considers this necessary. The Audit Committee shall be provided with sufficient resources to discharge its duties. The Audit Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external consultant who advises the Audit Committee.

Duties

15. The duties of the Audit Committee shall include:

Relationship with the Company's auditors

- (a) being primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor; and approving the remuneration and terms of engagement of the external auditor, and considering any questions of its resignation or dismissal;
- (b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) developing and implementing policies 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) and reporting to the Board and making recommendations on any matters where action or improvement is needed;
- (d) discussing with the external auditor the nature and scope of the audit and relevant reporting obligations, and ensuring co-ordination where more than one audit firm is involved before the audit commences;

Review of the Company's financial information

- (e) monitoring integrity of the Company's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained therein. In reviewing these statements and 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 assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and any requirements from the Stock Exchange and legal requirements in relation to financial reporting;
- (f) Regarding (e) above:
 - (i) liaising with the Board and the Senior Management;
 - (ii) meeting at least twice a year with the Company's auditors; and
 - (iii) considering any significant or unusual items that are, or may need to be, reflected in the financial reports and accounts and giving 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, risk management and internal control systems

- (g) reviewing the Company's financial controls, risk management and internal control systems, which should cover all material controls, including financial, operational and compliance controls;

- (h) discussing the risk management and internal control systems with the Senior Management, ensuring that the Senior Management has performed their duties to establish effective systems, and reviewing annually the effectiveness, adequacy and appropriateness of those systems. This review should include adequacy of resources, staff qualifications and experience, integrity and independence, training programs and budget of the Company's accounting, internal audit and financial reporting function;
- (i) conducting research on major investigation findings of risk management and internal control matters and the Senior Management's response to these findings on its own initiative or as delegated by the Board;
- (j) ensuring co-ordination between the internal and external auditors, ensuring that the internal audit function is adequately resourced to operate and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- (k) reviewing the Company's financial and accounting policies and practices;
- (l) reviewing the external auditor's management letter, any material queries raised by the auditor to the Senior Management about accounting records, financial accounts or systems of control and Senior Management's response;
- (m) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (n) reporting to the Board on the matters in these Terms;
- (o) reviewing the following arrangements set by the Company: employees of the Company can raise concerns about possible improprieties in financial reporting, internal control or other matters in confidence; and ensuring that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions by the Company;
- (p) acting as the key representative body for overseeing the Company's relations with the external auditor;
- (q) conducting any other matters related to the Audit Committee in accordance with the instructions from the Board from time to time;

Corporate Governance Functions

- (r) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (s) to review and monitor the training and continuous professional development of Directors and the Senior Management;
- (t) to review and monitor the policies and practices of the Company on compliance with legal and regulatory requirements;
- (u) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (v) to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report of the Company as set out in the Listing Rules;
- (w) to review from time to time these terms of reference and recommend to the Board any necessary changes; and
- (x) to consider matters outside these terms of reference when requested by the Board.

Disagreement as to external auditors

16. In the event the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Audit Committee shall provide a statement explaining its recommendations and also the reason(s) why the Board has taken a different view to the Company for inclusion in the corporate governance report issued by the Company in accordance with Appendix 14 of the Listing Rules.

Reporting procedures

17. Full minutes of the Audit Committee shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director. Such secretary or any person elected by the members in the absence of such secretary shall be responsible for recording the minutes. Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the chairman or secretary of the meeting or succeeding meeting.

18. Minutes of the Audit Committee shall record in sufficient detail the matters considered by the Audit Committee and decisions reached, including any concerns raised by the Directors and its members or dissenting views expressed. The draft and final versions of minutes should be sent to all members of the Audit Committee for their comment and records within a reasonable time after the meetings.
19. The Audit Committee shall evaluate and assess its effectiveness and the adequacy of these Terms on an annual basis and recommend any proposed changes to the Board.
20. Without prejudice to the generality of the duties of the Audit Committee set out in these Terms, the Audit Committee shall report to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

Terms available

21. The Audit Committee shall make available these Terms by inclusion on the website of the Stock Exchange and the Company's official website for corporate communications.