



Plus Group Holdings Inc.
普樂師集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(the “Company”)

THE AUDIT COMMITTEE
TERMS OF REFERENCE

These terms of reference of the Audit Committee of the Company (the “**Committee**”) have been prepared based on the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**” and the “**Exchange**” respectively).

Composition

1. The Committee is established by the board (the “**Board**”) of directors of the Company (the “**Directors**”) according to the articles of association of the Company (the “**Articles of Association**”) and the establishment would be effective on 4 April 2023.

Members

2. The Committee members must be non-executive directors of the Company to be appointed by the Board and the Committee shall consist of not less than three members. The majority of the members must be independent non-executive directors (the “**INEDs**”) and at least one of whom shall have the appropriate professional qualifications or accounting or related financial management expertise.
3. Chairman of the Committee shall be appointed by the Board and must be an INED.
4. A former partner of the Company’s existing auditing firm should be prohibited from acting as a member of the Committee for a period of two years from 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.

Secretary

5. The Committee may appoint the Secretary (as defined in the Articles of Association) of the Company or any other person with appropriate qualification and experience as the secretary of the Committee.

Frequency and proceedings of meetings

6. The Committee shall meet at least twice a year. Additional meetings should be held as and when the work of the Committee demands or when the external auditor considers necessary.
7. The quorum of a meeting shall be two members of the Committee, one of whom must be an INED.
8. The Committee members could attend the meetings in person, by telephone or by video conference.
9. Resolutions of the Committee shall be passed by more than half of the members of the Committee.
10. A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.
11. Unless otherwise stated herein, proceedings of meeting of the Committee shall be governed by the relevant provisions of the Articles of Association (as amended from time to time).
12. The Financial Controller and a representative of the external auditors shall normally attend meetings. However, at least twice a year the Committee shall meet with the external and internal auditors without the executive Directors present.
13. An agenda and accompanying board papers should be sent in full to all Directors in a timely manner and at least two days before the intended date of a meeting of the Committee (or other agreed period).
14. The management of the Company should be responsible for providing sufficient information to the Committee in a timely manner to facilitate the making of informed decision. Where more detailed and complete information is requested from the management, the respective Director shall make further inquiries if needed. The Board or individual Director(s) can contact the management individually and independently.

Authority

15. All members of the Committee shall have access to the advice and services of the secretary with a view to ensuring that procedures of the Committee and all applicable rules and regulations are followed.
16. The Committee shall be provided with sufficient resources to perform its duties and may seek independent professional advice in appropriate circumstances at the Company's expenses to perform its duties.

Duties

17. Main duties of the Committees should include:

Relationship with the external 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;
- (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 Committee should discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit process commences;
- (c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, external auditor shall include 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;
- (d) reviewing and approving any non-audit services provided to the Company by the external auditor. The Committee should ensure that the provision of such non-audit services would not impair the external auditor's independence;

Review of the Company's financial information

- (e) to monitor 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 Committee should 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 other legal requirements in relation to financial reporting;
- (f) Regarding (e) above:
 - (i) members of the Committee should liaise with the Board and senior management and the Committee must meet, in the absence of management, at least twice a year, with the Company's external auditor; and
 - (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in such report and accounts, 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 external auditor;

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

- (g) to review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;
- (h) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. The discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;
- (i) 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;
- (j) 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;
- (k) to review the Group's financial and accounting policies and practices;
- (l) to review the external auditor's management letter, any material queries raised by the external auditor to management about the accounting records, financial accounts or systems of control and management's response;
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

- (n) to report to the Board on the matters in these terms of reference;
- (o) to review the Company's statement on risk management and internal control systems (where one is included in the annual report) prior to endorsement by the Board;
- (p) to discuss problems and qualified opinion, if any, arising from the half-year and annual audits, and any matters the external auditor may wish to discuss (in the absence of management where necessary);
- (q) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management and internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters for appropriate follow-up actions;
- (r) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (s) to consider other topics, as defined by the Board from time to time; and
- (t) 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 Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

Corporate Governance Functions

- (u) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (v) to review and monitor the training and continuous professional development of Directors and senior management;
- (w) to review and monitor the policies and practices on compliance with legal and regulatory requirements;
- (x) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (y) to review the Company's compliance with and disclosure under the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules.

Failure to reach an agreement regarding external auditors

18. Where the Board has taken a different view from the Committee regarding the selection, appointment, resignation or dismissal of the external auditors, the Committee shall submit a statement to the Company explaining its recommendation, which statement will be disclosed by the Company in the Corporate Governance Report pursuant to the Listing Rules.

Reporting Procedures

19. The Committee should 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.
20. Full minutes and written resolutions should be kept by the secretary of the Committee. Minutes of meetings of the Committee should record in sufficient detail the matters considered by the Committee and decisions reached, including any concerns raised by the Directors, members or dissenting views expressed. Draft and final versions of minutes of the meetings should be sent to all Committee members respectively for their comments and records, within a reasonable time after the meeting. Written resolutions should be promptly sent to all Committee members for their records after the written resolutions are passed.
21. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report to the Board on the works and recommendations of the Committee since the last Board meeting (if any). The Committee should present a report in writing to the Board which addresses the work of the Committee.
22. Without prejudice to the generality of the duties of the Committee set out above, the Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on it to do so.
23. The Committee shall ensure that the Board as a whole and Directors individually have proper access to reports and other materials related to the Committee's work (having regard to the Listing Rules requirement for separate and independent access for the Board and Directors respectively to the management). It shall also ensure that such materials are of a form and quality sufficient to enable the Board to make informed decisions on matters placed before it, and that Directors will receive a prompt and a full response to their enquiries.

Others

24. These terms of reference shall be updated and revised as and when necessary, in light of changes in circumstances and changes in regulatory requirements (e.g. Listing Rules) in Hong Kong. The Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Exchange's website and the Company's website.
25. Any changes to the terms of reference shall be effective after they have been approved by the Board.