

SUPER STRONG HOLDINGS LIMITED
(the “Company”)

TERMS OF REFERENCE AND MODUS OPERANDI OF
THE AUDIT COMMITTEE
(the “Committee”)

Organization

1. The board of the directors (the “**Directors**”) of the Company (the “**Board**”) has resolved to set up an audit committee (the “**Committee**”).

Objective

2. The main objectives of the Committee are to attend to, and manage, the relationship between the Company and its auditors, carry out reviews of the Company’s financial information, and monitor the Company’s financial reporting system and internal control procedures. The Committee is accountable to the Board.

Membership

3. The Committee shall comprise non-executive Directors only, who shall be appointed or removed by the Board. The Committee shall be comprise of a minimum of three members (the “**Members**”), 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 under Rule 5.05(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”). The majority of the Members shall be independent non-executive Directors.
4. The chairman of the Committee shall be appointed by the Board, and shall be an independent non-executive Director.
5. If any Member ceases to be a Director, he shall cease to be a Member automatically. The vacancy shall, thereafter, be filled by the appointment of a new Member by the Board.
6. 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 1 year 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 later.

Secretary

7. The secretary of the Committee shall be appointed by the Board. Save as otherwise appointed, the secretary of the Company shall be the secretary of the Committee.

Responsibilities

8. The Committee shall serve as a focal point for communication between other Directors, the external auditor and the internal auditor as regards their duties relating to financial and other reporting, internal controls, external and internal audits, and

such other matters as the Board determines from time to time.

9. The Committee shall assist the Board in fulfilling its responsibilities by providing an independent review and supervision of the Company's financial reporting, by satisfying themselves as to the effectiveness of the internal controls of the Company and its subsidiaries (the “**Group**”), and as to the adequacy of the external and internal audits.

Authority

10. The Committee is authorized by the Board to conduct any investigation which is within its scope of powers, and shall have the power to demand the provision of any information necessary from any employees of the Group, and all employees shall be instructed to cooperate with the Committee for purposes of satisfying its request(s).
11. The Committee is authorized by the Board to obtain external legal, or other independent professional, advice, and to invite the attendance of outsiders with relevant experience and expertise if it considers necessary.
12. The Committee is authorized by the Board to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters.
13. The Committee shall be provided with sufficient resources to perform its duties.

Duties

14. The duties of the Committee are as follows:-

Relationship with the Company's auditors

- a. to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the Company's external auditor, and to attend to, and/or approve, the remuneration and terms of engagement of the Company's external auditor, and matters pertaining to its resignation or dismissal;
- b. to review and monitor the Company's external auditor's independence and objectivity, and the effectiveness of the audit process, in accordance with applicable standards. In this relation, the Committee shall hold discussions with the relevant external auditor on the nature and scope of the audit and reporting obligations before the audit commences. In the event that there are more than one auditor firm participating in this regard, the Committee shall ensure proper coordination between them;
- c. to develop and implement policy on engaging the Company's external auditor to supply non-audit services. For this purpose, “external auditor” includes any entity that is under the 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 shall report to the Board, identifying and making recommendations on any matters where action or

improvement is needed;

Review of the Company's financial information

- d. to monitor the integrity of the Company's financial statements, annual report and accounts, and half-year report and quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the 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 GEM Listing Rules and legal requirements in relation to financial reporting;
- e. Regarding (d) above:-
 - i. The Members shall liaise with the Board and senior management of the Company, and the Committee shall meet, at least twice a year, with the Company's auditors; and
 - ii. the Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and shall 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;
- f. to discuss with the Company's external auditors questions and doubts arising in audit of quarterly (if any), interim (if any) and annual accounts, and other matters that the auditors wish to discuss (which may be conducted in the absence of the Company's management, if necessary);
- g. if the Company's annual report includes statement about the Company's internal control system, to review such statement prior to submission for the Board's approval;

Oversight of the Company's financial reporting system and internal control procedures

- h. to review the Company's financial reporting, financial controls, internal control and risk management systems;
- i. to hold discussions on the Company's internal control system with the Company's management to ensure that management has performed its duty to

have an effective internal control system in place to attend to relevant matters. Such discussions shall include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

- j. to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative, and management's response to these findings;
- k. where an internal audit function exists in the Company, to ensure proper co-ordination between the Company's internal and external auditors, and that the Company's internal audit function is adequately resourced, and has appropriate standing within the Company, and to review and monitor its effectiveness;
- l. to review the financial and accounting policies and practices of the Group;
- m. 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;
- n. to ensure that the Board shall provide a timely response to the issues raised in the external auditor's management letter;
- o. to report to the Board on the matters in this terms of reference;
- p. to consider other topics, as defined by the Board;

Others

- q. 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. The Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters, and for appropriate follow-up action; and
- r. to act as the key representative body for overseeing the Company's relations with the Company's external auditor(s).

Meetings of the Committee

Number of meetings

- 15. The Committee shall meet at least four times per year. Additional meetings shall be held as the work of the Committee demands. In addition, the chairman of the Committee shall be entitled to convene additional meetings at his discretion.
- 16. The Committee shall meet with the auditor, at least once every year, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditor may wish to raise.

Quorum

17. The quorum for a meeting shall be more than one-half of the Members, and, in any event, not less than two Members.

Conducting the meetings

18. Proceedings of meetings of the Committee shall be governed by the provisions of the Articles of Association of the Company.

Invitations

19. The Committee shall be entitled to invite any executive Directors, external advisers or other individuals to attend the meetings, but such executive Directors, advisers or individuals are not entitled to vote at the meetings.

Minutes of the meetings

20. Full minutes of the Committee meetings shall be kept by the secretary to the Committee. The minutes shall record in sufficient detail the matters considered and decisions reached, including any doubt or disagreement raised by the Members. Draft and final versions of the minutes of the meetings shall be sent to all Members for their comment and records within a reasonable time after the meetings.

Report

21. The Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report the findings and recommendations of the Committee to the Board. At least annually, the Committee shall present a report to the Board which addresses the work and findings of the Committee during the year.
22. The Committee shall report to the Board any suspected frauds and irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention, and are of sufficient importance to warrant the attention of the Board.
23. Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Committee shall arrange for the Corporate Governance Report in the Annual Report to include a statement from the Committee explaining its recommendation, and also the reason(s) why the Board has taken a different view.

Interpretation

24. Interpretation of these terms of reference shall belong to the Board.

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