

CHIA TAI ENTERPRISES INTERNATIONAL LIMITED
(the “Company”)

Terms of Reference
of
Audit Committee
(the “Committee”)

(as adopted on 5 June 2015 and amended on 11 December 2018 and 10 November 2025)

CONSTITUTION

- The Committee was set up by the board of directors of the Company (the “**Board**”) on 15 September 2014.
- Subject to the regulations contained in the Companies Act 1981 of Bermuda, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the bye-laws of the Company (the “**Bye-Laws**”), the procedures of the Committee shall be regulated by the provisions set out in these terms of reference.
- The Board has the authority to review and amend the terms of reference from time to time.

MEMBERSHIP

- Members of the Committee shall be appointed by the Board from time to time. The Committee shall comprise non-executive directors only and shall consist of a minimum of three members. The majority of the members of the Committee shall be independent non-executive directors, at least one of whom shall have appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules.
- The chairman of the Committee shall be an independent non-executive director and appointed by the Board. In the absence of the chairman of the Committee from any meetings, the remaining members present shall elect one of themselves (who shall be an independent non-executive director of the Company) to chair the meeting.
- The company secretary or any person nominated by the Committee shall be the secretary of the Committee.

- A member who wishes to retire or resign from the Committee shall serve sufficient prior written notice to the Company. A member who ceases to be a member of the Board shall immediately and automatically cease to be a member of the Committee.
- A former partner of the Company's existing external audit firm may not act as a member of the Committee for such period as required under the Listing Rules.

COMMITTEE MEETINGS

- Unless otherwise stipulated herein, the meetings and proceedings of the Committee shall be governed by the provisions contained in the Bye-Laws for regulating the meetings and proceedings of the Board.
- The quorum for a meeting of the Committee shall be two members.
- Committee meetings should be held at least twice a year. Additional meetings should be held as the work of the Committee demands. It is expected that a Committee meeting will normally involve the active participation, either in person or through other electronic means of communication, of a majority of members entitled to be present.
- Arrangements should be in place to ensure that all members are given an opportunity to include matters in the agenda for regular Committee meetings.
- The external auditor may request a meeting as and when they consider necessary.
- Senior staff of the Company's accounting and financial reporting functions and representative(s) of the external auditor shall attend meetings of the Committee, other than meeting in relation to disclosure of inside information. Other members of the Board shall also have the right of attendance.
- The Committee shall ensure that sufficient opportunities exist for its members to meet separately with the external auditor and management of the Company, and to meet in private with only the Committee members present.
- Seven days' notice of any meeting of the Committee, or such shorter notice as may be agreed by the members, shall be given by the secretary specifying the place, date, time and agenda of the meeting.
- Members should have access to the advice and services of the secretary of the Committee with a view to ensuring that Committee procedures, and all applicable rules and regulations, are complied with.

- If a member has a conflict of interest in a matter to be considered by the Committee which the Committee has determined to be material, the interested member shall not vote on that matter at the relevant meeting of the Committee.
- Minutes of Committee meetings should be kept by the secretary of the Committee and such minutes should be open for inspection at any reasonable time on reasonable notice by any member or director. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and records, within a reasonable time after the meeting.

AUTHORITY

- The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other independent professional advice and to invite such outsiders with relevant experience and expertise to attend as it considers necessary.
- The Committee should have access to independent professional advice if necessary. The Committee should be provided with sufficient resources to perform its duties.
- 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.

DUTIES AND FUNCTIONS

The Committee shall:-

1. communicate on behalf of the Board with the external auditor with regards to its duties relating to financial and other reporting, risk management, internal controls, external and internal audits and such other matters as the Board determines from time to time.
2. assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting and to assist the Board to assess the effectiveness of the risk management and internal controls of the Company and its subsidiaries (the “**Group**”) and the adequacy of the external and internal audits.

In particular, the duties of the Committee include the following:-

Relationship with the Company's auditors

- 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.

- 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.
- 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. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed.
- To act as the key representative body for overseeing the Company’s relations with the external auditor.

Review of the Company’s financial information

- To monitor integrity of the Company’s financial statements and annual reports and accounts, interim 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:-
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments resulting from audit;
 - the going concern assumptions and any qualifications;
 - compliance with accounting standards; and
 - compliance with the Listing Rules and legal requirements in relation to financial reporting.
- Regarding the above:-
 - 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 external auditor; and
 - the Committee should consider any significant or unusual items that are, or may need to be, reflected in the 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 auditors.
- To discuss problems and observations arising from the final audits, interim audits (if any) and any matters the external auditor may wish to discuss (in the absence of management where necessary).

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

- To review the Group's financial and accounting policies and practices, the Company's financial controls, internal control and risk management systems.
- To ensure that the effectiveness of the risk management and internal control systems of the Group is reviewed at least annually (the scope of which review should cover all material controls, including financial, operational and compliance controls) and the review is adequately resourced, and that management to provide a confirmation on the effectiveness of these systems.
- To discuss the risk management and internal control systems with management to ensure that management has performed its duty to have put in place appropriate and effective risk management and internal control systems for the purposes of dealing with identified risks, safeguarding assets, preventing and detecting fraud, misconduct and loss, ensuring the accuracy of financial reports and achieving compliance with applicable laws and regulations. This discussion should include:
 - the changes in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment;
 - the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers, if any;
 - the extent and frequency of communication of monitoring results to the Board for the purposes of assessing the adequacy and the effectiveness of the risk management and internal control systems of the Group;
 - significant control failings or weaknesses identified during the review of the risk management and internal control systems, and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the financial performance or condition of the Company, and any remedial measures taken to address such control failings or weaknesses;
 - the effectiveness of the Group's processes for financial reporting; and
 - the adequacy of resources (internal and external) for designing, implementing and monitoring the risk management and internal control systems, including staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, and financial reporting functions.
- 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.
- 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 Group, and to review and monitor its effectiveness.

- 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.
- To ensure that the Board will provide a timely response to the issues raised in the external auditor’s management letter.
- To review arrangements employees of the Group and those who deal with the Group to raise concerns, in confidence and anonymity, about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.
- To review the Group’s policies on anti-corruption and make recommendations to the Board.
- To ensure that the chairman of the Committee or another member will attend the annual general meetings of the Company and be prepared to answer questions concerning the Committee’s activities.
- To ensure that the provision by the external auditors of non-audit services does not impair the external auditors’ independence or objectivity and follow “A Guide for Effective Audit Committees” published by the Hong Kong Institute of Certified Public Accountants and its subsequent amendments from time to time approved by the Committee.
- To do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board.
- To conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.
- To make recommendations on any other issues as requested by the Board and to consider other topics, as defined by the Board.

REPORTING PROCEDURES

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