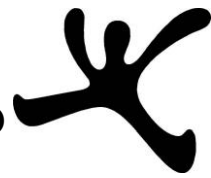


FAIRWOOD HOLDINGS LIMITED

大快活集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 52)



Terms of Reference of the Audit Committee

Constitution

1. The Audit Committee (the “**Committee**”) of Fairwood Holdings Limited (the “**Company**”) was established by a resolution passed at the meeting of the board of Directors of the Company (the “**Board**”) on 25 November 1998.

Membership

2. The Committee shall be appointed by the Board and must comprise a minimum of three members (the “**Members**”). All Members shall be Non-executive Directors of the Company.
3. A majority of the Members must be Independent Non-executive Directors of the Company (“**INED(s)**”) and at least one INED shall have the appropriate professional qualifications such as accounting or related financial management expertise.
4. The Chairman of the Committee shall be appointed by the Board and must be an INED.
5. The Committee may from time to time appoint any person with appropriate qualification and experience as the secretary of the Committee.

Meetings

6. Meetings of the Committee (“**Meeting(s)**”) shall be held not less than twice a year. Additional Meetings should be held as the work of the Committee demands.
7. Meetings could be held in person or by means of effective telephone conference or similar communication arrangements.
8. The quorum of any Meeting shall be any two Members, of whom at least one has to be INED.
9. A resolution in writing signed by all the Members shall be as valid and effectual as if it had been passed at a Meeting duly convened and held and may consist of several documents in like form each signed by one or more of the Members.
10. The secretary of the Committee should keep full minutes of Meetings. Draft and final versions of minutes of Meetings shall be sent to all Members for their comments and records respectively, in both cases within a reasonable time after the Meeting.

Attendance at Meetings

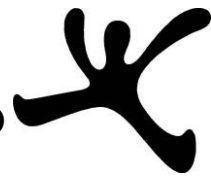
11. The Finance Director and/or the Financial Controller, the Head of Internal Audit and representatives of the external auditors shall attend Meetings. Other Board/staff

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members who have specific responsibility for an area under review may also be invited to attend.

12. The Committee may hold separate private meeting(s) with internal auditors and/or the external auditors, with no Executive Directors or senior management of the Company present whenever they think fit and appropriate.

Authority

13. The Committee is authorized by the Board to investigate any activity within these Terms of Reference.
14. The Committee shall have the right to require the Company's management to provide information on any matter relating to the financial control, risk management and internal control systems, of the Company, its subsidiaries or affiliates, as may be required for the purposes of performing its duties.
15. The Committee is authorized by the Board to seek independent professional advice in appropriate circumstances at the Company's expense to perform its duties.
16. The Committee shall be provided with sufficient resources to perform its duties.

Responsibility

17. The overall role of the Committee shall be to assist the Board in its oversight of the completeness, accuracy and fairness of the financial statements of the Company, of the adequacy of financial control, risk management and internal control systems, of the independence of the external auditors and of the performance of the Company's internal audit and compliance function.

Duties, powers and functions

18. Duties of the Committee shall include the following:

relationship with external auditors

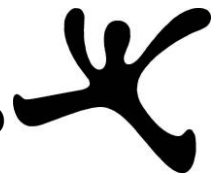
- (a) to act as the key representative body for overseeing the Company's relations with the external auditors;
- (b) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors; to review the performance of the external auditors; and to approve the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal;

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- (c) 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 auditors the nature and scope of the audit and reporting obligations before the audit commences;
- (d) 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. If the external auditors are engaged for non-audit services due to their unique expertise in a particular area, prior approval of the Committee is required. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

review of financial information of the Company

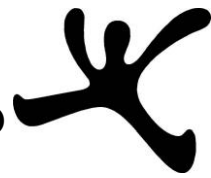
- (e) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and legal requirements in relation to financial reporting;
- (f) Regarding (e) above:
 - (i) Members should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the external auditors; and
 - (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports 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, the Head of Internal Audit or the external auditors;

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Terms of Reference of the Audit Committee

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

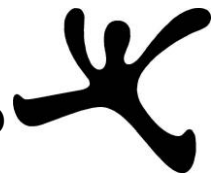
- (g) to review with the Company's management, external auditors and internal auditors, the adequacy of the group's policies and procedures regarding the Company's financial controls, risk management and internal control systems, operational and compliance control systems;
- (h) to discuss the risk management and internal control systems with the Company's management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (i) to consider major investigation findings on any suspected frauds or irregularities or infringement of laws, rules and regulations, 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 exist, to review the scope and results of internal audit procedures; 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;
- (k) to review the group's financial and accounting policies, principles and practices in preparing its financial statements;
- (l) to discuss with the external auditors any recommendations arising from the audit (if necessary in the absence of management); and to review the external auditors' management letter, any material queries raised by the external auditors to the Company's management about accounting records, financial accounts or systems of control and the management's response;
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- (n) to evaluate the cooperation received by the external auditors, including their access to all requested records, data and information; obtain the comments of management regarding the responsiveness of the external auditors to the group's needs; inquire of the external auditors as to whether there have been any disagreements with management which if not satisfactorily resolved would result in the issue of a qualified report on the group's financial statements;

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- (o) to consider other topics and perform such other duties as may be assigned by the Board or deemed appropriate by the Committee within the context of these Terms of Reference; and
- (p) 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 should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

Reporting Procedures

19. At the next meeting of the Board following a Meeting, the Chairman of the Committee shall report to the Board on the works, significant decisions, findings and recommendations of the Committee.

Members of the Committee:

Mr Peter Wan Kam To (Chairman)
Mr Joseph Chan Kai Nin
Dr Peter LAU Kwok Kuen

Effective Date

14th April 2023