



SKYWORTH GROUP LIMITED

創維集團有限公司

(The “**Company**”, together with its subsidiaries, the “**Group**”)

(Incorporated in Bermuda with limited liability)

(Stock Code: 00751)

TERMS OF REFERENCE OF AUDIT COMMITTEE

*(Revised and adopted by the board of directors of
Skyworth Group Limited on 28 August 2025)*

Constitution

1. The audit committee (the “**Committee**”) of the Company was established by the board (the “**Board**”) of directors (the “**Directors**”) of the Company since the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited on 7 April 2000.

Objective and Role

2. Terms of reference of the Committee have been prepared in compliance with relevant code provisions of the Corporate Governance Code (the “**Code**”) under Appendix C1 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the requirements of the Listing Rules.
3. The Committee is to serve as a focal point for communication between other Directors, the external auditors and the internal auditors as regards their duties relating to financial and other reporting; risk management and internal control systems; external and internal audits; and such other matters as the Board determines from time to time.
4. The Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the risk management and internal control systems of the Group, and as to the adequacy of the external and internal audits.

Membership

5. The Committee shall be established by the Board.
6. The Committee shall consist of not less than three members appointed by the Board, the majority of the Committee shall be independent non-executive Directors of the Company. There shall be at least one member of the Committee with appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules.
7. 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 the person ceasing (a) to be a partner of the firm or (b) to have any financial interest in the firm, whichever is the later.
8. The chairperson of the Committee shall be appointed by the Board and must be an independent non-executive Director of the Company.

Attendance at Meetings

9. The Committee may invite any Director, member of senior management or other individual to attend meetings of the Committee as it considers appropriate. However, at least once a year the Committee shall meet with the external auditors without executive Directors present.
10. The company secretary of the Company shall be the secretary of the Committee. In the absence of the company secretary, his or her delegate(s) or any person elected by the members present at the meeting of the Committee, shall attend the meeting of the Committee and take minutes.

Frequency of Meetings

11. The Committee should meet at least twice a year. Additional meetings should be held if the Committee considers it necessary.
12. The chairperson of the Committee may convene additional meetings at his or her discretion.
13. The external auditors may request a meeting if they consider that one is necessary.
14. The quorum of a meeting shall be two members of the Committee.
15. Proceedings of meetings of the Committee shall be governed by the provisions of the Bye-laws of the Company.

Authority

16. The authorities of the Committee shall include such authorities set out in the relevant code provisions in the Code.
17. The Committee is authorised by the Board to investigate any activity within its terms of reference and all employees are directed to cooperate with any request made by the Committee.
18. The Committee is authorised by the Board to obtain outside legal or other independent professional advice if deemed required and to invite the attendance of outsiders with relevant experience and expertise if it considers this necessary.
19. The Committee shall report to the Board on any suspected frauds and irregularities, failures of internal control or risk management, or suspected infringements of non-compliance with laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.
20. Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Committee shall disclose in the corporate governance report an explanation of the Committee's view and the reasons why the Board has taken a different view.
21. The Committee shall be provided with sufficient resources to discharge its duties.

Duties

22. The Committee shall have the following duties:

Relationship with the Company's auditors

- (a) be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors; to consider the performance of the external auditor and any questions of its resignation or dismissal;
- (b) review and monitor the external auditor's independence and objectivity, and:
 - (i) consider all relationships between the Company and the audit firm (including non-audit services); and
 - (ii) obtain from the audit firm, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including provision of non-audit services and requirements for rotation of audit partners and staff;
- (c) review and monitor the external auditors' 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) 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;
- (e) report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (f) act as the key representative body for overseeing the Company's relations with the external auditor;

Review of the Company's financial information

- (g) monitor integrity of the Company's financial statements and annual report and accounts, and 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) financial reporting and accounting policies and practices and any changes in these policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption and any qualifications;

- (v) compliance with accounting standards; and
- (vi) compliance with the Listing Rules, other applicable rules and legal requirements in relation to financial reporting;
- (h) Regarding (g) above:
 - (i) members of the Committee must liaise with the Board and senior management and the Committee must meet, at least twice a year with the Company's external auditors; and
 - (ii) 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 Group'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

- (i) review the Company's financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, and review the Company's risk management and internal control systems, including those managing cyber risks, with particular regard to their effectiveness;
- (j) ensure that the effectiveness of the risk management and internal control systems of the Company and its subsidiaries is reviewed at least annually (the scope of which review should cover all material controls, including financial, operational and compliance controls), and that management provide a confirmation on the effectiveness of these systems;
- (k) 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 (including cyber 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:
 - (i) the changes in the nature and extent of significant risks (including environmental, social and governance risks), and the Group's ability to respond to changes in its business and the external environment;
 - (ii) the scope and quality of management's ongoing monitoring of risks (including environmental, social and governance risks) and of the internal control systems, and the work of its internal audit function and other assurance providers, if any;
 - (iii) 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;
 - (iv) 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;

- (v) the effectiveness of the Group's processes for financial reporting and Listing Rules compliance; and
- (vi) 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, as well as those relating to the Group's environmental, social and governance performance and reporting;
- (l) 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;
- (m) 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 review and monitor its effectiveness; and meet the Head of Internal Audit at least annually to ensure that there are no unresolved issues or concerns;
- (n) review the Group's financial and accounting policies and practices;
- (o) review the external auditor's management letter, any material queries raised by the external auditor to management about the accounting records, financial accounts, risk management and internal control systems and management's response;
- (p) ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (q) review policies and arrangements that employees of the Group can use, in confidence and anonymity, to raise concerns about possible improprieties in financial reporting, internal control or other matters, adopt and maintain proper arrangements for fair and independent investigation of these matters and for appropriate follow-up action, and review progress and findings of investigations and follow-up actions;

Others

- (r) ensure the practices and procedures of the Company with respect to related party transactions and disclosure of discloseable information are adequate for compliance with the requirements under the Listing Rules and other applicable rules;
- (s) provide to the Board such assurance as it may reasonably require regarding compliance with all applicable supervisory and other regulations by such subsidiaries and associates of the Company for which the Company provides management services;
- (t) report to the Board on all matters in respect of these Terms of Reference; and
- (u) consider any other matters specifically referred to the Committee by the Board.

Meeting Procedures

23. The meetings and proceedings of the Committee shall be governed by the provisions of the Company's Bye-laws for regulating the meetings and proceedings of the Board, except for otherwise determined by the Board from time to time.
24. The quorum for a meeting shall be two members of the Committee.

Reporting Procedures

25. The Committee shall report to the Board concerning its activities, either orally or in writing, at regular meetings of the Board or at other times or occasions where necessary.
26. The secretary of the Committee shall arrange to distribute the minutes of meetings / written resolutions of the Committee to the Board members.
27. Full minutes of the Committee meetings should be kept by the secretary of the Committee. Draft and final versions of minutes of the Committee meetings should be sent to all members of the Committee for their comment and records within a reasonable time after the meeting. The secretary of the Committee shall circulate the minutes of meetings and all written resolutions of the Committee to all members of the Board, keeping the Board informed of the Committee's activities, decisions and recommendations on a regular basis.

Annual General Meeting

28. Chairperson of the Committee or another Member of the Committee shall attend the Company's annual general meeting and be prepared to respond to shareholders' questions on the activities of the Committee and their responsibilities.

Frequency of Review

29. The above terms of reference shall be reviewed from time to time, and can be revised by the Board when necessary.

(The Chinese version of this document is for reference only. In case of any discrepancies or inconsistency between the English version and its Chinese version, the English version shall prevail.)