Chuanglian Holdings Limited

創聯控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2371)

AUDIT COMMITTEE

TERMS OF REFERENCE

These Terms of Reference have been issued in the English language with a separate Chinese language translation. If there is any conflict in the Terms of Reference between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.

Latest Version: Updated on 26 September 2025

Chuanglian Holdings Limited

創聯控股有限公司

AUDIT COMMITTEE

TERMS OF REFERENCE

1. CONSTITUTION

1.1 The audit committee (the "Audit Committee") of Chuanglian Holdings Limited (the "Company") was formed pursuant to the board resolution of the Company passed on 31 October 2004 by the board (the "Board") of directors (the "Director(s)") of the Company.

1.2 This terms of reference of the Audit Committee was revised and adopted by the Board on 26 September 2025.

1.3 The revised version shall supersede any terms of reference previously adopted by the Board.

2. FUNCTIONS AND OBJECTIVES

2.1 The Audit Committee is appointed by the Board with a view to assist the Board in overseeing and reviewing:

a) the effectiveness of the Company's internal control, risk management system and regulatory compliance;

b) the balance, transparency and integrity of the Company's financial statements and the application of financial reporting principles;

c) the relationship with the external auditors and its independence assessment; and

d) the effectiveness of the Company's internal audit function.

3. MEMBERSHIP

3.1 The members of the Audit Committee (the "Member(s)") shall be appointed by the Board and, on the recommendation of the nomination committee of the Company in consultation with the chairman of the Audit Committee (the "Chairman") from amongst the non-executive Directors.

3.2 The Audit Committee must comprise a minimum of three members, at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise. The majority of the audit committee members must be independent non-executive Directors.

3.3 The Chairman must be an independent non-executive Director and appointed by the Board.

3.4 In the event that the Audit Committee comprises of a non-executive Director who is a former partner of the Company's existing auditing firm, such non-executive Directors shall be prohibited from acting as a Member for a period of two years commencing on the date of his/her ceasing to be a partner of the auditing firm or to have any financial interest in the firm, whichever is later.

4. MEETINGS

4.1 The company secretary of the Company or such other person appointed by the Audit Committee shall be the secretary of the Audit Committee.

4.2 A quorum of the Audit Committee shall be any two Members.

4.3 Notice of any meetings has to be given at least 7 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, a Member attending the meeting shall be deemed waiver of the requisite length of notice of the meeting by the Member. Notice of any adjourned meetings is not required if adjournment is for less than 7 days.

4.4 Meetings may be held in person, by telephone or video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.

4.5 Resolutions of the Audit Committee at any meetings shall be passed by a majority of votes of the Members present.

4.6 A resolution in writing signed by all Members shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.

4.7 Minutes of Audit Committee shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed.

4.8 Full minutes of Audit Committee meetings should be kept by the secretary of the Audit Committee. Draft and final versions of minutes of the Audit Committee meetings shall be sent to all Members for their comment and records respectively, in both cases within a reasonable time after the meeting. Such minutes of meeting shall be opened for the Board's inspection at any reasonable time on reasonable notice by any director.

4.9 At the invitation of the Audit Committee, the Finance Director (where there is one), the Head of Internal Audit (where there is one), the chairman of the Board and/or managing director, external advisors and other persons may attend the meetings.

4.10 Only Members are entitled to vote at the meetings.

4.11 The Chairman in consultation with the secretary, shall decide the frequency and timing of its meetings. There shall be as many meetings as the Audit Committee's duties and responsibilities require.

4.12 The Audit Committee shall meet at least twice a year, with the Company's auditors without the attendance from the executive Directors (unless invited by the Audit Committee).

4.13 The Company's external auditors may request that a meeting be held if they consider it necessary.

5. AUTHORITY

5.1 The Audit Committee is authorized by the Board to inspect all accounts, books and records of the Company.

5.2 The Audit Committee shall have the right to require the Company's management to furnish information on any matter relating to the financial position of the Company, its subsidiaries or affiliates, as may be required for the purposes of performing its duties.

5.3 A Member may, through the company secretary, seek independent advice in appropriate circumstances at the Company's expense to perform his/her duties as a Member to the Company within its terms of reference.

5.4 The Audit Committee shall be provided with sufficient resources to discharge its duties.

5.5 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 Audit Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

5.6 Where there is disagreement between the Audit Committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreements cannot be resolved, the Audit Committee shall have the right to report the issue to the shareholders as part of the report on its activities in the annual report.

6. DUTIES & RESPONSIBILITIES

It is the Audit Committee's primary duty to act independently from the executive to ensure that the interests of the shareholders are properly protected in relation to financial reporting and internal control and to act as the key representative body for overseeing the Company's relations with the external auditors.

Review of the financial information of the Company

6.1 The Audit Committee shall monitor the 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.

6.2 The Audit Committee should focus particularly on:–

(a) any changes in accounting policies and practices;

(b) major judgmental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumptions and any qualifications;

(e) compliance with accounting standards; and

(f) compliance with the Listing Rules and legal requirements in relation to financial reporting.

6.3 Regarding 6.2 above:–

(a) Members should liaise with the Board and senior management and the Audit committee must meet, at least twice a year, with the Company's auditors; and

(b) the Audit 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.

6.4 The Audit Committee should have the following responsibilities:–

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

(a) 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 at least annually. The scope of review should cover all material controls, including financial, operational and compliance controls, and should in particular, consider

- the changes, since the last annual review, in the nature and extent of significant risks (including ESG risks), and the Company's ability to respond to changes in its business and the external environment;
- the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;
- the extend and frequency of communication of monitoring results to the Board (or Board committee(s)) for the purpose of assessing the adequacy and the effectiveness of risk management and internal control systems;
- significant control failings or weaknesses identified during the review of the risk management and internal control systems, and the extend to which they have resulted in unforeseen outcomes or contingences that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition, and any remedial measures taken to address such control failings or weaknesses;
- the effectiveness of processes for financial reporting and Listing Rules compliance; 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 Company's accounting, internal audit, and financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

(b) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have appropriate and effective risk management and internal control systems for the purpose of dealing with identified risks, safeguarding the Company's assets, preventing and detecting fraud, misconduct and loss, ensuring the accuracy of the Company's financial reports and achieving compliance with applicable laws and regulations. The discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(c) 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;

(d) 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. Where there is no internal audit function, the Audit Committee should consider annually whether there is a need for an internal audit function and make a recommendation to the Board, and the reasons for the absence of such a function should be explained in the relevant section of the annual report;

(e) to review the Company and its subsidiaries' financial and accounting policies and practices;

(f) 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;

(g) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(h) to report to the Board on the matters set out in the terms of reference here;

(i) to consider other topics, as defined by the Board;

Relationship with the Company's auditors

(j) 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;

(k) to review and monitor the external auditor's independence and objectivity;

(l) to review and monitor the effectiveness of the audit process in accordance with applicable standards and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

(m) to develop and implement policy on engaging an external auditor to supply non-audit services;

(n) In regard to 6.4 (m), "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;

(o) to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Relationship with the Company's employees

(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; and

(q) to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

7. REPORTING PROCEDURES

7.1 The secretary shall circulate the minutes of meetings and reports of the Audit Committee to all Members.

7.2 The Audit Committee shall report at the forthcoming regular Board meeting any key decisions made by the Audit Committee.

8. PUBLICATION OF THE TERMS OF REFERENCE

8.1 The terms of reference shall be posted on the websites of The Stock Exchange of Hong Kong Limited and the Company. It is also available at the Company's principal place of business in Hong Kong open for inspection by the shareholders during normal business hours. A copy of the terms of reference will be made available to any person without charge upon request.