

WAI CHI HOLDINGS COMPANY LIMITED

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

CONSTITUTION

1. The audit committee (the “**Committee**”) is established pursuant to a resolution passed by the board of directors (the “**Board**”) of Wai Chi Holdings Company Limited (the “**Company**”) on 27 October 2014 and amendment made by the Board which has become effective on 2 December 2025.

MEMBERSHIP

2. The Committee shall be appointed by the Board from the non-executive directors only and shall consist of not less than three members (the “**Minimum**”), a majority of whom, including the chairman, shall be independent non-executive directors (the “**INED(s)**”). The Committee must be chaired by an INED.
3. At least one of the INEDs serving as a member of the Committee shall have appropriate professional qualifications or accounting or related financial management expertise as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).
4. A former partner of the existing auditing firm of the Company shall not act as a member of the Committee for a period of two years from the date of his/her ceasing (a) to be a partner of such firm; or (b) to have any financial interest in the firm, whichever is later.
5. Any person who currently, or within one year immediately prior to the date of the person’s proposed appointment, has or had a material interest in any principal business activity of or is or was involved in any material business dealings with the Company, the Company’s holding company or their respective subsidiaries or with any core connected persons of the Company, shall not act as a member of the Committee.
6. If a member resigns, ceases to be a director or for any other reason ceases to be a member of the Committee resulting in the number of members to fall below the Minimum, the Board shall, within three months of that event, appoint such number of new members as may be required to make up the Minimum.
7. The company secretary of the Company or any person appointed by the Committee shall be the secretary of the Committee. In the absence of the secretary at the Committee meeting, the members present shall elect one of themselves or appoint another person as the secretary for that meeting.

FREQUENCY OF MEETINGS

8. The Committee shall meet not less than twice a year. Additional meetings may be held as and when necessary or required. Committee meetings should be adequately planned and prepared for, held at appropriate times and attended by Committee members and relevant persons (such as executive director(s), external auditor, head of internal audit, chief financial officer) who have been invited to attend.
9. The Committee shall meet and hold thorough discussions with the external auditors at least twice a year regarding the review of the Company's financial information. The external auditors may request a meeting if they consider that such a meeting is necessary.

NOTICE OF MEETINGS

10. A meeting of the Committee may be convened by any of its members through the company secretary.
11. Unless otherwise agreed by all the members of the Committee, notice of each meeting stating the time, date and place of the meeting shall be given to each member of the Committee and any other person invited to attend at least seven days prior to the date of the meeting.
12. Agenda and any supporting documents and papers shall be forwarded to each member of the Committee and any other person invited to attend at least three days prior to the date of the meeting (or such other period as the members may agree).

PROCEEDINGS OF MEETINGS AND RESOLUTIONS

13. No business shall be transacted at any meeting of the Committee unless a quorum is present. The quorum of a meeting shall be two members of the Committee (at least one of whom should be an INED).
14. Only members of the Committee have the right to attend Committee meetings. Other persons including but not limited to any director, management, external advisors or consultants may be invited by the Committee to attend all or part of any meeting as and when appropriate.
15. Meetings of the Committee may be held either in person or through electronic means of communication or in such other manner as the members may agree. The electronic means of communication include but is not limited to telephone or video conference or other communication equipment through which all persons participating in the meeting can hear and communicate with each other simultaneously and instantaneously.
16. Questions arising at any meeting shall be determined by a majority of votes of the members of the Committee present. Each member of the Committee shall have one vote. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.

17. Members must abstain from voting in respect of any resolution for any recommendation or arrangement or proposal or transaction or otherwise in which he/she is an interested party.
18. A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may be contained in a single document or separately in several documents in like form each of which being signed by one or more of the members of the Committee.
19. The draft and final versions of the minutes of the Committee meetings shall be sent to all Committee members for their comments and records within a reasonable time after the meeting.
20. The secretary of the Committee shall cause full minutes with sufficient details to be made in books to be provided for the purpose of the proceedings of all meetings of the Committee and of the attendances thereat and of all business transacted, resolutions passed and orders made at such meetings. Any such minutes of any meeting, if purporting to be signed by the chairman of such meeting or by the chairman of the next succeeding meeting of the Committee, shall be sufficient evidence without any further proof of the facts therein stated. All minutes of the Committee's meetings and resolutions in writing shall be kept by the company secretary of the Company (who is normally the duly appointed secretary of the Committee meetings).
21. Save as otherwise provided herein expressly, proceedings of meetings of the Committee shall be governed by the provisions contained in the articles of association of the Company for regulating the proceedings of meetings of the Board so far as the same are applicable and are not superseded by any requirement, direction or regulation that may be prescribed by the Board or contained in the constitutional documents of the Company or imposed by the Listing Rules or applicable laws.

AUTHORITY

22. The authorities of the Committee shall include such authorities set out in the relevant code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) as contained in D.3 “Audit Committee” in Part 2 of Appendix C1 of the Listing Rules (as amended from time to time), with due regard to the Principle set out therein.
23. The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
24. The Committee is authorized by the Board to obtain any independent professional advice, at the Company's expense, from any person if the Committee considers it necessary to obtain such advice in order to perform its duties.
25. The Committee is to be provided with sufficient resources to discharge its duties, including

inviting advisers with appropriate expertise and experience to attend its meeting(s) to give relevant advice to its members.

DUTIES AND FUNCTIONS

26. The duties and functions of the Committee shall include such duties and functions set out in the relevant code provisions of the Corporate Governance Code as contained in D.3 “Audit Committee” in Part 2 of Appendix C1 of the Listing Rules (as amended from time to time), with due regard to the Principle set out therein. Without prejudice to the generality of the foregoing, the Committee shall:

Relationship with the Company’s auditor

- (a) be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, based on such factors as the auditor’s ethics, knowledge, experience and capacity, and approving the remuneration and terms of engagement of the external auditor, and handling any questions of its resignation or dismissal;
- (b) review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) establish procedures to review and monitor the independence of the external auditor, which may include:
 - (i) considering all relationships between the Company and the audit firm (including non-audit services); the Committee shall act as the key representative body for overseeing the Company’s relations with the external auditor;
 - (ii) obtaining from the audit firm, annually, information about policies and processes for maintaining independence, and monitoring compliance with relevant requirements, including those for rotation of audit partners and staff;
 - (iii) discussing with the auditor, at least annually, matters relating to their independence, including all significant threats to independence identified by the auditor and the safeguards implemented, and obtaining a written statement from the auditor confirming their independence;
 - (iv) meeting with the auditor, at least annually 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;
- (d) agree with the Board the Company’s policies on hiring employees or former employees of the external auditor and monitor the application of these policies. The Committee should then be in a position to consider whether there has been,

or appears to be, any impairment of the auditor's judgment or independence for the audit;

- (e) 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. Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Company shall include in the corporate governance report a statement from the Committee explaining its recommendation and also the reason(s) why the Board has taken a different view;
- (f) ensure that the external auditor's provision of non-audit services does not impair its independence or objectivity. The Committee is to consider:
 - (i) whether the skills and experience of the audit firm make it a suitable supplier of non-audit services;
 - (ii) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit because the external auditor provides non-audit services;
 - (iii) the nature of the non-audit services, the related fee levels and fee levels, individually and in total, relative to the audit firm; and
 - (iv) the criteria for the compensation of the individual performing the audit.

Review of the Company's financial information

- (g) monitor and assess the integrity of the Company's financial statements, annual and interim reports and accounts, half-year report and, if prepared for publication, quarterly reports, and review significant financial reporting judgments 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 such 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;
 - (vi) compliance with the Listing Rules, other applicable rules and legal requirements in relation to financial reporting;
 - (vii) matters of significance that may have been raised by the auditor with management arising from the audit of the financial statements such as significant risks, exposures and irregularities or expected modifications to the auditor's report;
 - (viii) whether the financial reporting disclosures are consistent and transparent; and
 - (ix) whether the financial statements reflect the Company's performance and financial position fairly;
- (h) regarding (g) above:
- (i) 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 auditors; and
 - (ii) the Committee should critically consider any significant or unusual items that are, or may need to be, reflected in the financial statements, reports and accounts or raised by internal staff or the external auditor; the Committee 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; the Committee should discuss problems and reservations arising from the interim and final audits, and any matters the 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

- (i) review the Company's financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, review and monitor the Company's risk management and internal control systems (including without limitation the procedures for compliance with the requirements of the Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with particular regard to their effectiveness;
- (j) discuss risk management and the internal control systems with management to ensure that management has performed its duty to have, implement and maintain effective systems for the purposes of managing risks (including cyber risks), dealing with business changes, ensuring adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. This discussion should include: (i) the adequacy of resources (internal and external) for designing, implementing and monitoring 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 environmental, social and governance (ESG) performance and reporting; (ii) monitoring and assessing the effectiveness of the risk management and internal control systems and the financial reporting process as well as compliance with the Listing Rules, applicable regulations and legal requirements; (iii) reviewing and identifying significant failings and weaknesses in the risk management and internal control systems, their impact on the financial performance and conditions of the Company and the remedial measures taken to address such failings and weaknesses; (iv) the scope and quality of management's work in monitoring risks (including environmental, social and governance (ESG) and cyber risks) and implementing internal control and internal audit function; and (v) changes in the nature and extent of significant risks (including environmental, social and governance (ESG) and cyber risks, the Company's response to changes in its business and the external environment);
- (k) 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;
- (l) where an internal audit function exists, review the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and review and monitor its effectiveness ("adequately resourced" means that relevant staff have appropriate qualifications, experience, integrity and independence of mind);
- (m) review the group's financial and accounting policies and practices, the effectiveness of the financial reporting process, and oversee the audit process;

- (n) review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts, risk management and internal control systems and management's response;
 - (o) ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
 - (p) report to the Board on the matters set out in the relevant code provisions in Part 2 of Appendix C1 "Corporate Governance Code" of the Listing Rules (as amended from time to time) and the "Corporate Governance Guide for Boards and Directors" issued by The Stock Exchange of Hong Kong Limited; and
 - (q) consider other topics, as defined by the Board, and do any such things to enable the Committee to perform its duties and functions conferred on it by the Board.
- 26A. (a) The Committee shall 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. The Company should establish a whistleblowing policy as well as appropriate system and procedure for employees and persons who deal with the Company (such as suppliers and customers) to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Company.
- (b) The Committee shall be proactive in understanding the affairs of the Company and investigating any red flags that it has identified or been made aware of.
 - (c) The Committee should form a good working relationship with management, who should explain to it the judgments of key assumptions underlying critical accounting estimates, as these can significantly impact the key balances in the Company's financial statements.
 - (d) The Committee shall have in place formal mechanisms to hold separate private meetings independent of management with the internal auditor and the external auditor with no executive director and management present.
 - (e) The Committee should understand the respective roles and responsibilities of each party involved in the financial reporting and audit processes, including the management, the internal auditor and the external auditor, and shall have candid discussions with all parties to obtain a greater insight into the considerations and processes behind the numbers entered into the financial statements, including matters that require the exercise of judgement and that impact upon the quality of the financial statements, financial reporting process and internal control and risk management systems.

- (f) The Committee shall serve as a focal point for communication among the directors and senior management, the internal and external auditors in their carrying out their respective duties in relation to financial reporting, internal control, risk management, internal and external audit, and such other matters as the Board may determine and direct from time to time.
- (g) The Committee shall provide an independent and effective review and supervision of financial reporting with due regard to the effectiveness of the internal controls of the Company and the adequacy of the internal and external audits.

REPORTING PROCEDURES

- 27. The Committee shall report directly to the Board on its findings, decisions and/or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as restriction on disclosure due to regulatory requirements). At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report the findings, decisions and/or recommendations of the Committee to the Board. The company secretary shall also circulate the minutes of meetings, reports and/or written resolutions (if any) of the Committee to all members of the Board.

AUDIT COMMITTEE REPORT

- 28. The work of the Committee during each financial year shall be summarized and included in the corporate governance report which constitutes part of the annual report.

ANNUAL GENERAL MEETING

- 29. The chairman of the Committee or in his absence, another member of the Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to answer questions at the annual general meeting on the Committee's work and its responsibilities.

AMENDMENT

- 30. Subject to the compliance with the articles of association of the Company and the Listing Rules, any amendment to these terms of reference (the "Terms of Reference") shall be authorized by the Board and shall be effective after being approved and adopted by the Board.

PUBLICATION

- 31. The Committee shall make available this Terms of Reference by publishing them on the websites of The Stock Exchange of Hong Kong Limited and the Company.

MISCELLANEOUS

32. Nothing contained in this Terms of Reference is intended to create, or should be construed as having created or creating, any responsibility or liability on the part of the members of the Committee or any one of them, except to the extent as otherwise provided under the Listing Rules or applicable laws.
33. If there is any inconsistency between the English and Chinese versions of this Terms of Reference, the English version shall prevail.