Terms of Reference for the Audit and Risk Management Committee of
BAWANG INTERNATIONAL (GROUP) HOLDING LIMITED
(the "Company")
(Stock Code: 01338)

DEFINITIONS

1. For the purposes of these terms of reference (the "**Terms**"):-

"**Audit Committee**"	means the audit and risk management committee from time to time established by resolution of the Board in accordance with Article 117(1) of the Articles of Association of the Company and clause 2 of these Terms
"**Board**"	means the board of Directors of the Company
"**CG Code**"	means the Corporate Governance Code in Appendix C1 to the Listing Rules (as amended from time to time)
"**Company Secretary**"	means the company secretary of the Company from time to time
"**Director(s)**"	means the directors of the Company
"**Director(s) of Finance**"	means the senior officers of the Company responsible for financial management of the Company as appointed by the Board from time to time
"**Group**"	means the Company and its subsidiaries and associated companies from time to time
"**Listing Rules**"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"**Senior Management**"	means the chairman, chief executive officer, vice chief executive officer, Directors of Finance, Company Secretary and any other officers of the Company appointed by the Board from time to time
"**Stock Exchange**"	means The Stock Exchange of Hong Kong Limited

CONSTITUTION

2. The Board hereby resolves to establish a committee of the Board to be known as the Audit and Risk Management Committee.

MEMBERSHIP

3. The members of the Audit Committee shall be appointed by the Board from time to time from amongst the non-executive Directors of the Company and shall consist of not less than three members, a majority of whom should be independent non-executive Directors, and at least one of whom should be an independent non-executive Director with the appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules.

4. A quorum of a meeting of the Audit Committee shall be two members and at least one of them should be an independent non-executive Director.

5. The chairman of the Audit Committee shall be appointed by the Board and shall be an independent non-executive Director.

6. Each member of the Audit Committee shall disclose to the Audit Committee the following:-

(a) any and all personal (including those relating to his/her immediate family members) material interests (other than as Shareholder of the Company, and including financial interest) in any Company matter related to any matter under consideration by the Audit Committee; and

(b) any and all personal potential conflict of interest (including without limitation any financial interest) arising from a cross-directorship or otherwise,

and the secretary of the Audit Committee meeting shall also ascertain, at the beginning of the meeting, the existence of any conflict of interest and minute them accordingly.

7. Any member currently, or within one year immediately prior to the date of the relevant matter being considered by the Audit Committee has any material interest (including without limitation any financial interest) in any Company matter being considered by the Audit Committee or any potential conflict of interest (including interests of his/her immediate family members) howsoever arising, shall abstain from voting on resolutions of the Audit Committee in relation to which such interest or conflict of interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Audit Committee.

8. A current or former director, partner or principal of the Company's professional advisor firm which currently provides or has, within two years immediately prior to the date of his/her appointment as a member of the Audit Committee provided services, or was an employee of such a professional advisory firm who is or has been involved in providing services to (1) the Company, its holding company or any of their respective subsidiaries or core connected persons, or (2) any person who was a controlling shareholder or (where there was no controlling shareholder) any person who was the chief executive or a director (other than an independent non-executive director) of the Company, or any of their close associates, shall be prohibited from acting as a member of the Audit Committee for a period of two years commencing on the date of he/she ceasing:

(a) to be a director, partner, principal or employee of the firm; or

(b) to have any financial interest in the firm,

whichever is the later.

MEETINGS

9. Unless otherwise specified hereunder, the provisions contained in the Company's Articles of Association (as amended from time to time) for regulating proceedings of Directors' meetings shall apply to the meetings of the Audit Committee.

10. Meetings of the Audit Committee shall be held at least twice annually.

11. The chairman of the Audit Committee shall convene a meeting upon when deemed necessary by any member of the Audit Committee or the external auditor.

12. A duly convened meeting of the Audit Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit Committee.

13. Unless otherwise agreed by all the members of the Audit Committee, notice of at least 14 days shall be given for any meeting of the Audit Committee. Agenda and accompanying supporting papers shall be sent to all members of the Audit Committee and to other attendees as appropriate at least 3 days before the date of the meeting (or such other period as the members may agree).

14. Members of the Audit Committee may participate in any meeting of the Audit Committee by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.

15. The Director(s) of Finance and the head of internal audit of the Company (if any) shall attend Audit Committee meetings.

16. The Audit Committee shall invite the external auditors to attend meetings as it considers necessary.

17. The Audit Committee shall meet with the external auditors (if any) annually without the executive Directors present.

18. The Company Secretary shall be the secretary of the Audit Committee. The Audit Committee may from time to time appoint any other suitably qualified and experienced person to serve as the secretary of the Audit Committee.

19. Resolutions of the Audit Committee shall be passed by a simple majority vote. In the event of an equality of votes, the chairman of the meeting shall have a casting vote or a deciding vote.

WRITTEN RESOLUTIONS

20. Without prejudice to any requirement under the Listing Rules, written resolution may be passed and adopted by all members of the Audit Committee.

ANNUAL GENERAL MEETINGS

21. The chairman of the Audit Committee shall attend the annual general meeting of the Company and be prepared to respond to any questions posed therein on the activities or decisions of the Audit Committee.

AUTHORITY

22. The Audit Committee is authorised by the Board to discharge its duties within these Terms.

23. The Audit Committee is authorised by the Board to seek any information it requires from the Directors and/or Senior Management who must cooperate with the Audit Committee.

24. The Audit Committee is authorised by the Board to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if and when it considers necessary.

25. The Audit Committee shall be provided with sufficient resources to perform its duties.

26. The Audit Committee is authorised by the Board to have exclusive responsibility for establishing the selection criteria, selection, appointment and setting of the terms of engagement for any external consultant retained to advise the Audit Committee.

DUTIES

27. The responsibilities and authorities of the Audit Committee shall include such responsibilities and authorities set out in the relevant code provisions of the CG Code, which shall include:

Relationship with the Company's external auditors

(a) acting as the key representative body for overseeing the Company's relations with the external auditor;

(b) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(d) considering any questions relating to the resignation or dismissal of the external auditor;

(c) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(f) discussing with the auditor the nature and scope of the audit and reporting obligations before the audit commences, and ensuring coordination where more than one audit firm is involved;

(d) developing and implementing policies on engaging an external auditor to supply non-audit services and reports to the Board. 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; reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Review of financial information of the Company

(e) monitoring the integrity of the Company's financial statements, annual report, accounts, interim report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained therein; before submitting the relevant statements and reports to the board of directors, the Audit Committee shall particularly review the following matters: -

    (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 Listing Rules and other legal requirements in relation to financial reporting;

(f) Regarding (e) above:

    (i) members of the Audit Committee should liaise with the Board, Senior Management and the Company's qualified accountant;
    (ii) the Audit Committee must meet with the Company's external auditor at least twice a year;

(iii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the financial statements, reports and accounts giving due consideration to any matters raised by the Company's staff responsible for the accounting and financial reporting function, qualified accountant, compliance officer or auditors; and

(iv) discussing problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of Senior Management where necessary) with the external auditor;

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

(g) reviewing, at least annually, the effectiveness of the Group's financial controls, risk management and internal control systems. The review should cover all material controls, including financial, operational and compliance controls, and consider the following:

(i) the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;

(ii) the scope and quality of the 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;

(iii) the extent and frequency of communication of monitoring results to the Board (or board committee(s) of the Company) which enables it to assess control of the Company and the effectiveness of risk management;

(iv) significant control failings or weakness that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes and contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition, and any measures taken to address any monitoring failures or weaknesses; and

(v) the effectiveness of the Company's processes for financial reporting and Listing Rule compliance, including without limited to handling and dissemination of inside information;

(h) discussing the risk management and internal control systems with 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) considering 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;

(j) ensuring co-ordination between the internal and external auditors; ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(k) reviewing the Group's financial and accounting policies and practises;

(l) reviewing 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;

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

(n) reviewing arrangements employees of the Company and those who deal with the Company (e.g. customers and suppliers) may use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and appropriate follow-up action;

(o) establishing a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Company;

(p) reporting to the Board on the matters set out in these Terms; and

(q) considering other topics, as defined by the Board.

CORPORATE GOVERNANCE FUNCTIONS

28. The Audit Committee shall be responsible for the following corporate governance functions:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(c) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(d) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

REPORTING

29. The secretary of an Audit Committee meeting shall record in sufficient detail the matters considered by the Audit Committee and decisions reached, including the names of those present and in attendance and any concerns raised by any member of the Audit Committee and/or dissenting views expressed.

30. Draft and final versions of minutes of Audit Committee meetings shall be sent to all Audit Committee members for their comment and records within a reasonable time after the meeting.

31. Minutes of the Audit Committee shall be kept by the Company Secretary and shall be available for inspection by any member of the Audit Committee or the Board at any reasonable time on reasonable notice.

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

33. The Audit Committee shall report to the Board any suspected frauds and irregularities, failures of internal control or risk management system, 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.

34. The Audit Committee shall make a statement in the Annual Report of the Company about its activities.

35. Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Audit Committee will arrange for the Corporate Governance Report in the Annual Report to include an explanation of the Committee's view and the reasons why the Board has taken a different view.

36. The Audit Committee shall make these Terms available on the Company's and the Stock Exchange's website.

Miscellaneous

37. The adoption of, and amendments to, these Rules require the approval of the Board to be effective.

38. The interpretation of these Rules shall be vested in the Board.

Note: If there is any inconsistency between the English and Chinese versions of these Terms, the English version shall prevail.

Date: December 2025