華控康泰集團有限公司
Kontafarma China Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1312)

(the "**Company**" and together with its subsidiaries, the "**Group**")

Terms of Reference of Audit Committee

1 Membership

(a) The Audit Committee (the "**Committee**") shall be appointed by the board (the "**Board**") of directors (the "**Director(s)**") of the Company from amongst the Non-Executive Directors of the Company and shall consist of not less than three (including three) members, a majority of whom should be Independent Non-Executive Directors of the Company ("**INEDs**"). At least one member must be an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

(b) The Board may at any time remove, suspend or replace any member of the Committee at its option by resolution whereupon the Committee should consist of the remaining or replaced members of the Committee.

(c) The Chairman of the Committee shall be appointed by the Board from amongst the INEDs.

(d) The Company Secretary of the Company or its delegate shall be the Secretary of the Committee.

2 Frequency of Meetings

Meetings shall be held not less than twice a year. The external auditor or any members of the Committee may request a meeting if they consider that one is necessary and upon the receipt of such a request, the Secretary of the Committee shall convene such a meeting as soon as reasonably practicable and having regard to the convenience of all members with priority given to the INEDs.

3 Attendance at Meetings

(a) A quorum of a meeting shall be two members of the Committee.

(b) The Financial Controller, the Head of Internal Audit (if appointed) and a representative of the external auditor shall normally be invited to attend the Committee meetings. Other Board/staff members who have specific responsibility for an area under review may also be invited to attend.

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

(d) Any members of the Committee or other attendees may participate in a meeting of the Committee by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting are capable of hearing each other.

4 Committee's Resolutions

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 and may consist of several documents in like form each signed by one or more of the members of the Committee.

5 Authority

(a) The Committee is authorised by the Board to operate in accordance with its terms of reference. It is authorised to seek any information it requires from any employee or Executive Director and all employees are directed to co-operate with any request made by the Committee.

(b) The Committee shall report to the Board any suspected frauds or irregularities, failures of risk management, internal controls 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.

(c) The Committee is authorised by the Board, and at the reasonable expense of the Company, to obtain reasonable outside legal or other independent professional advice but only in accordance with the Company's policy for Directors to seek independent professional advice.

(d) The Head of Internal Audit (if appointed) shall report to the Committee in the manner specified by the Committee.

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

(f) The Committee should be provided with sufficient resources to perform its duties.

6 Responsibility and Duties

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 effectiveness and adequacy of internal control and risk management systems, of the independence of the external auditor and of the performance and effectiveness of the Company's internal audit and compliance function.

The duties of the Committee shall be:

Relationship with the Company's Auditors

(a) to consider and make recommendations to the Board on the appointment, re-appointment 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;

(b) to consider the nature and scope of each year's audit, including the engagement letter and audit plan submitted by the external auditor, and to discuss the same and the reporting obligations with the auditor before the audit commences. The Committee's review will include obtaining an understanding from the external auditor of the factors considered by them in determining their audit scope and how this interacts with the activities of the internal audit and compliance function for the effectiveness of the audit process in accordance with applicable standards;

(c) to act as the key representative body for overseeing the Company's relations with the external auditor;

(d) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. In this connection, the Committee shall:

(i) obtain from the external auditor annually, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including non-audit services and those for rotation of audit partners and staff;

(ii) develop and implement policy on engaging the external auditor to supply non-audit services and to report to the Board, identifying and making recommendations on any matters where action or improvement is needed (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);

(iii) conduct annual review on the nature of all non-audit services performed by the external auditor and the related fee levels, and to ensure that provision of such services does not impair the independence or objectivity of the external auditor; and

(iv) review the policies on hiring employees or former employees of the external auditor and consider whether as a result of such any subsequent hiring, there has been or appears to be any impairment of the auditor's judgment or independence for the audit;

Review of the Company's Financial Information

(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 judgments contained therein. 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;

(vi) compliance with the Listing Rules and legal requirements in relation to financial reporting; and

(vii) any material off-balance sheet arrangements and obligations;

(f) regarding (e) 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 auditor; 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 Company's staff responsible for the accounting and financial reporting function, compliance officer, the Head of Internal Audit (if appointed) or the external auditor;

Oversight of the Company's Financial Reporting System, Risk Management and Internal Control Systems

(g) 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 risk management and internal control systems;

(h) to discuss 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) 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;

(j) to review and monitor the effectiveness of the internal audit function, including a review of the internal audit programme, to ensure co-ordination between the internal and external auditors, and to ensure whether the internal audit function is adequately resourced and has appropriate standing within the Company;

(k) to review the Group's financial and accounting policies and practices;

(l) to discuss any problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of management where necessary) and to assist in the resolution of any disagreements or difference between the external auditor and management;

(m) to review the external auditor's management letter, any material queries raised by the auditor to management about the accounting records, financial accounts or systems of control and management's response;

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

(o) to review, through the Executive Committee, the Company's policies and procedures the employees of the Company may use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, internal control, auditing matters or other matters affecting the corporate image of the Company;

(p) to ensure that proper arrangements are in place for the fair and independent investigation of the matters mentioned in (o) above and for appropriate follow-up action;

(q) to establish, monitor and review the 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; and

(r) to establish, monitor and review the anti-corruption policy and system;

Others

(s) to report to the Board on the above matters;

(t) to recommend to the Board any appropriate extensions to, or changes, in the duties of the Committee; and

(u) to consider other topics, as defined by the Board.

7 Reporting Procedure

The Secretary of the Committee shall circulate the minutes of the meetings of the Committee/resolution(s) in writing signed by all the members of the Committee to all members of the Board.

8 Availability and Update of the Terms of Reference

These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. Listing Rules) in Hong Kong. These terms of reference shall be made available to the public by including the information on the websites of the Stock Exchange and the Company.

(updated as of 29 December 2025)