

**BOSIDENG INTERNATIONAL HOLDINGS LIMITED**  
**(the “Company”)**

**TERMS OF REFERENCE AND MODUS OPERANDI**  
**OF**  
**AUDIT COMMITTEE**  
**(the “Committee”)**

**Membership**

1. The Committee shall consist of not less than three members appointed by the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company, all of whom shall be non-executive Directors.
2. A majority of the Board shall be independent non-executive Directors (the “**INEDs**”, and each an “**INED**”) under the Rules Governing the Listing of Securities in The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), with at least one of whom is an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.
3. The chairman of the Committee (the “**Committee Chairman**”) shall be appointed by the Board and must be an INED.
4. 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 him/her ceasing:
  - (a) to be a partner of the firm; or
  - (b) to have any financial interest in the firm,whichever is later.

**Frequency and proceedings of meetings**

5. The Committee shall meet at least two times per year. Additional meetings shall be held as the work of the Committee demands.
6. The Committee Chairman may convene additional meetings at his/her discretion.
7. The quorum of a meeting shall be two members of the Committee. The Committee members shall attend the meeting in person or through electronic communication, including but not limited to telephone or video conference.
8. Proceedings of meetings of the Committee shall be governed by the provisions of Article 118 of the articles of association of the Company.

## **Authority**

9. The Committee is granted the authority to investigate any activity within its terms of reference and all employees of the Group are required to cooperate with the Committee. The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to invite outsiders with relevant experience and expertise to attend its meetings if it considers necessary.
10. The Committee shall report to the Board any suspected dishonest behavior or non-compliance, risk management and internal control deficiencies or suspected infringements of laws, rules and regulations which has come to its attention and are of sufficient importance to be brought to the attention of the Board.
11. Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Committee will include an explanation of the Committee's view and the reasons why the Board has taken a different view in the corporate governance report in the annual report of the Company.
12. The Committee shall be provided with sufficient resources to discharge its duties, including the resources for seeking independent professional advice to perform its responsibilities.

## **Responsibility**

13. The Committee shall serve as a focal point for communication between other Directors, the external auditor and the internal auditor as regards their duties relating to financial and other reporting, risk management, internal controls, external and internal audits and such other matters as the Board determines from time to time.
14. The Committee shall assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, ensuring the effectiveness of the internal controls of the Company and its subsidiaries (the "**Group**"), and meeting satisfactory standards of the external and internal audits.

## **Duties, powers and functions**

15. The Committee shall:
  - (a) be responsible for making recommendation 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 resignation or dismissal of such auditor;
  - (b) review with the Group's management, external auditor and internal auditor, the adequacy of the Group's policies and procedures regarding internal controls (including financial, operational and compliance controls), risk management policy and system and any statement by the Directors to be included in the annual accounts prior to endorsement by the Board;
  - (c) be familiar with the financial and accounting reporting principles and practices applied by the Group in preparing its financial statements and review such policies and practices on a regular basis;
  - (d) before audit commencement, review and monitor external auditor's independence and objectivity, effectiveness of the audit process and the scope

of the external audit, including the engagement letter. The Committee should understand the factors considered by the external auditor in determining their audit scope. The external audit fees are to be negotiated by management, and presented to the Committee for review and the Board for approval annually;

- (e) review the annual reports and accounts and interim reports and review significant financial reporting judgements contained in them prior to approval by the Board, with particular focus on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments resulting from the audit;
  - (iv) the going concern assumptions and any qualifications;
  - (v) compliance with accounting and auditing standards; and
  - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- (f) with regard to (e) 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 external auditor; and
  - (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the staff responsible for the accounting and financial reporting function, compliance officer or auditor;
- (g) review the draft representation letter prior to approval by the Board;
- (h) evaluate the cooperation received by the external auditor from management, including their access to all requested records, data and information; obtain comments of management regarding the responsiveness of the external auditor to the Group's needs; inquire of the external auditor as to whether there have been any disagreements with management which if not satisfactorily resolved would result in the issue of a qualified report on the Group's financial statements;
- (i) seek from the external auditor, 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 regarding rotation of audit partners and staff;
- (j) discuss with the external auditor any recommendations arising from the audit (if necessary, in the absence of management); and review the draft management letter provided to management by auditor, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control including management's response to the points raised;

- (k) ensure that the Board will provide a timely response to issues raised in the external auditor's management letter;
- (l) review and monitor the scope, effectiveness and results of internal audit function, ensure co-ordination between the internal and external auditor and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group;
- (m) prohibit the engagement of the external auditor to perform non-audit services except for tax-related services. If a compelling reason exists to engage the external auditor due to their unique expertise in a particular area, the prior approval of the Committee is required, and develop and implement policy on engaging the external auditor to supply non-audit services. The Committee shall report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (n) discuss with management the scope and quality of the risk management and internal control systems and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programs and budget;
- (o) apprise the Board of significant developments in the course of performing the above duties;
- (p) recommend to the Board any appropriate extensions to, or changes, in the duties of the Committee;
- (q) 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;
- (r) review the findings of internal investigations and management's response into any suspected frauds or irregularities or failures of internal controls or infringements of laws, rules and regulations;
- (s) discuss with the Board the Company's policy relating to the hiring of employees or former employees of the external auditor and monitor the applications of such policy. The Committee will consider whether such recruitment would impair the auditor's judgement or independence when conducting the audit;
- (t) review arrangements by which employees, in confidence can raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters. The Committee shall ensure proper arrangements are in place for the fair and independent investigation of such concerns and appropriate follow up action;
- (u) act as the key representative body for overseeing the Company's relations with the external auditor;
- (v) report to the Board on above matters; and
- (w) consider other topics, as requested by the board.

## **Reporting Procedures**

16. The Committee should report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the Committee Chairman shall report to the Board on the findings and recommendations of the Committee. The Committee should present a report to the Board at least annually which addresses its work and findings during the year. Minutes of the Committee meeting should be recorded in sufficient detail the matters considered and decisions reached and shall be kept by the secretary of the meeting.

## **Annual General Meetings**

17. The Committee Chairman shall attend the Company's annual general meeting (the "AGM") and be prepared to respond to any questions on the Committee's works and activities from the shareholders of the Company (the "**Shareholders**"). In the absence of the Committee Chairman, his/her delegate or another member of the Committee shall attend the AGM and answer the Shareholders' questions.

- END -

Revised on June 26, 2025

*(If there is any inconsistency between the English and Chinese versions of this terms of reference, the English version shall prevail.)*