



## CHINASOFT INTERNATIONAL LIMITED

中軟國際有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 354

---

### AUDIT COMMITTEE

### TERMS OF REFERENCE

*(As adopted by the Board on 2 June 2003, 1<sup>st</sup> amended on 28 March 2012, 2<sup>nd</sup> amended on 31 December 2015, 3<sup>rd</sup> amended on 9 January 2019 and 4<sup>th</sup> amended on 8 April 2026)*

#### 1. DEFINITIONS

Unless the context otherwise requires, the terms below have the following meaning:

“Board”	: the board of directors of the Company
“Chief Financial Officer”	: the chief financial officer of the Company
“Committee”	: the Audit Committee
“Committee Chairman”	the Chairman of the audit committee
“Company”	: Chinasoft International Limited
“Company Secretary”	: the company secretary of the Company
“Director(s)”	: the director(s) of the Company
“Exchange’s website”	: the official website of Hong Kong Exchanges and Clearing Limited
“Group”	: the Company and its subsidiaries from time to time
“Listing Rules”	: the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
“Management”	: heads of divisions, departments or other operating units within the Group, and directors of subsidiaries

## **2. CONSTITUTION**

- 2.1 The Board hereby constitutes and establishes an audit committee on 2 June 2003 with authority, responsibility and specific duties as described below.
- 2.2 The Committee shall assist the Board in providing independent oversight of the Company's financial reporting system, risk management and internal control systems, and audit functions (internal and external), in accordance with the Corporate Governance Code.

## **3. MEMBERSHIP AND QUORUM**

- 3.1 The Committee shall consist of at least three members appointed by the Board, all of whom shall be non-executive Directors and a majority of whom shall be independent non-executive Directors. At least one of the independent non-executive Director members of the Committee must have appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules and the Corporate Governance Code. Executive Directors may not serve as members of the Committee. A quorum shall be not less than half of the members on the Committee, at least two of whom must be independent non-executive Directors.
- 3.2 The Committee Chairman must be an independent non-executive Director and shall be appointed by the Board.
- 3.3 No former partner of the Company's existing auditing firm may serve as a member of the Committee for a period of two years from the date of his ceasing (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is later.
- 3.4 The Committee should collectively possess a balance of skills and experience appropriate for the Company's business, including knowledge of financial reporting, risk management, internal controls and ESG-related risks.

## **4. AUTHORITY**

- 4.1 The Committee is authorized by the Board to perform 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.
- 4.2 The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary at the Company's expense. The Committee shall be provided with sufficient resources to perform its duties.

- 4.3 The Committee is authorized to review, assess and challenge Management's effectiveness in implementing the Company's risk management and internal control framework, including financial, operational, compliance and ESG-related risks, in accordance with the Corporate Governance Code.
- 4.4 The Committee is authorized to require Management to provide timely, accurate and complete information relating to risk management, internal controls, financial reporting, internal audit and external audit matters.
- 4.5 The Committee is authorized to meet with the external auditor and internal auditor separately, without the presence of Management, to ensure independent communication.
- 4.6 The Committee is authorized to investigate any suspected fraud, irregularities, internal control failures, or breaches of laws, regulations or the Listing Rules, and to report such matters to the Board.
- 4.7 The Committee is authorized to review and approve policies relating to whistleblowing, anti-fraud, anti-bribery and corruption, and to ensure appropriate independent investigation and follow-up actions.

## **5. DUTIES**

In addition to any other responsibilities which may be assigned from time to time by the Board, the duties of the Committee shall be:-

### *5.1 Relationship with the Company's external auditors*

- (5.1.1) responsible for making recommendations to the Board concerning 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;
- (5.1.2) to consider the plan for each year's audit submitted by the external auditors and discuss the same at a meeting if necessary;
- (5.1.3) to discuss with the external auditor, before the audit commences, the nature and scope of the audit and reporting obligations, and to ensure effective co-ordination where more than one audit firm is involved;
- (5.1.4) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; the Committee shall:

- (i) obtain from the external auditors 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) conduct annual review of all non-audit services performed by the external auditors and the related fee levels, and to ensure that such services do not impair the independence or objectivity of the external auditors;
  - (iii) meet with the external auditors, at least annually, in the absence of Executive Directors and senior management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditors may wish to raise; and
  - (iv) review the policies on hiring employees or former employees of the external auditors and monitor the application of these policies, and consider whether there has been or appear to be any impairment of the external auditors' judgment or independence for the audit.
- (5.1.5) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, external auditors include 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;
- (5.1.6) to meet regularly, but in no event less than twice a year with the Company's external auditors in executive session;
- (5.1.7) to review the external auditor's annual confirmation of independence in accordance with the Corporate Governance Code; and
- (5.1.8) to review the effectiveness of the audit process, including assessing the quality of communications, audit planning, audit execution, and the auditor's professional skepticism.

## 5.2 Review of the Company's financial information

- (5.2.1) to monitor integrity of the half-year, annual and any periodic financial statements, half-year report, annual report and any preliminary announcement before submission to the Board, and to review significant financial reporting judgments contained in them, focusing 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; and
  - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
- (5.2.2) to review regularly with Management, the internal auditors and the external auditors all significant issues concerning litigation, contingencies, claims, or assessments and all material transactions and accounting issues and transactions that require disclosure in the Company's financial statements;
- (5.2.3) to review the Group's policies and programs for complying with laws and regulations in respect of financial reporting and internal control;
- (5.2.4) to communicate with the Board, senior management and the Chief Financial Officer in relation to the matters set out in (5.2.1) above;
- (5.2.5) to meet regularly in executive session with the Company's internal auditor, general counsel and head of compliance;
- (5.2.6) to consider any matters that have been raised by the Chief Financial Officer, the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors or any significant or unusual items that are, or may need to be, reflected in the reports and accounts referred to in (5.2.1) above; and
- (5.2.7) to review the fairness, transparency and clarity of financial disclosures, including ESG-related financial impacts where applicable.

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

- (5.3.1) 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;

- (5.3.2) to discuss the risk management and internal control systems with Management to ensure that Management has performed its duty to have effective systems. 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;
- (5.3.3) 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;
- (5.3.4) 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;
- (5.3.5) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (5.3.6) Where an internal audit function exists, to:
  - (i) review the internal auditor's mission and terms of reference;
  - (ii) approve the appointment or dismissal of the head of the internal audit function;
  - (iii) ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
  - (iv) discuss the scope of the internal audit function with the internal auditor, including the internal audit plans, work programs and quality control;
  - (v) review and monitor the effectiveness of the internal audit function on a regular basis;
  - (vi) consider Management's response to internal audit recommendations; and
  - (vii) ensure that co-ordination between the internal and external auditors is adequate;
- (5.3.7) to review the Group's financial and accounting policies and practices;
- (5.3.8) to review, approve and monitor arrangement and procedures enabling the following, and ensuring that proper arrangements are in place for the fair and independent investigation and appropriate follow-up of such matters:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, financial reporting, risk management, internal control, auditing or other matters; and

- (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting, or possible improprieties in financial reporting, risk management, internal control, auditing or other matters.
- (5.3.9) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (5.3.10) to review the effectiveness of the Company's risk management and internal control systems at least annually, including ESG-related risks, and to report the results to the Board; and
- (5.3.11) to ensure that the Company has an effective whistleblowing policy and anti-corruption framework, and to monitor their implementation.

#### 5.4 Review of the terms of transaction under the Stock Exchange's Listing Rules

- (5.4.1) to review the continuing connected transaction entered into by the Company annually for the purposes of disclosures in the annual report and accounts in accordance with Rule 14A.55 of the Listing Rules;
- (5.4.2) to give the views as to the fairness and reasonableness in relation to the terms of any transactions proposed to be entered or entered into by the Company which is connected in nature or which requires the making of recommendation to the independent shareholders of the Company in accordance with the requirements under the Listing Rules;

#### 5.5 General

- (5.5.1) to review these terms of reference and to report to the Board on the Committee's areas of responsibility and recommend to the Board any appropriate extensions or changes in the duties of the Committee;
- (5.5.2) to ensure that at least a member of the Committee, preferably the Committee Chairman, attends the board meetings at which financial reports and financial statements are approved;
- (5.5.3) to ensure that the Committee's terms of reference are made available to shareholders and other interested parties, through being posted on the Company's website and the Stock Exchange's website, and being made available on request from the Company Secretary;

- (5.5.4) to prepare appropriate disclosures concerning the Audit Committee to be included in the Corporate Governance Report in the Company's annual report, to at least meet the minimum level of disclosures set out in the Listing Rules;
- (5.5.5) to ensure that the Committee Chairman attends the Company's Annual General Meeting to answer relevant questions on the Committee's activities and responsibilities, and attends any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval to answer any relevant questions;
- (5.5.6) to ensure effective communication with shareholders and stakeholders regarding audit, risk management and internal control matters, where appropriate; and
- (5.5.7) to consider other topics, as defined by the Board from time to time.

## **6. MEETINGS AND ATTENDANCE**

- 6.1 The Committee shall meet at least twice a year. The Committee Chairman may request members of Management, the head of internal audit and representatives of the external auditors to attend meetings of the Committee as appropriate. Other Directors shall also have the right to attend.
- 6.2 The Committee shall meet with the Company's external auditors regularly, but in any event at least twice a year. The external auditors may request a meeting if they consider that it is necessary.
- 6.3 The Committee shall ensure that it meets with the external auditor and the internal auditor separately, without Management present, at least once a year.
- 6.4 The Committee may hold meetings in person, by telephone, video conference or other electronic means, provided that all participants are able to communicate with each other.
- 6.5 At the request of the Committee Chairman, the Committee Secretary shall convene a meeting of the Committee. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be sent to each member of the Committee and any other person required to attend, no later than seven (7) days before the date of the meeting.
- 6.6 Meeting papers shall be sent to the Committee members and to the other attendees at least three (3) days before the meeting (or within such other period as may be agreed).

- 6.7 The meetings of the Committee shall be conducted in accordance with the provisions of the Company's Articles of Association regulating the proceedings of the Directors, and in compliance with the Corporate Governance Code.
- 6.8 The Committee may pass written resolutions in lieu of meetings in accordance with the Company's Articles of Association.

## **7. REPORTING AND MINUTES**

- 7.1 The Company Secretary or his/her nominee or such other person appointed by the Board shall act as the secretary of the Committee and shall be responsible for keeping minutes of Committee meeting.
- 7.2 Full minutes of the Committee meetings shall be kept by the Committee Secretary. If any Director requests, the minutes shall be open for inspection by any Director at any reasonable time on reasonable notice.
- 7.3 Minutes of Committee meetings shall record in sufficient detail the matters considered and decisions reached, including any concerns raised or dissenting views expressed by Directors.
- 7.4 Draft and final versions of minutes shall be circulated to all Committee members within a reasonable time after the meetings. Draft minutes are for Committee members to comment, and final minutes are for record.
- 7.5 Once the Committee has approved the minutes, the Committee Secretary shall circulate the final version to all Directors for information.
- 7.6 The Committee shall report to the Board on its decisions and recommendations at the next meeting of the Board following a meeting of the Committee, , unless prevented by legal or regulatory restrictions.
- 7.7 The Committee Chairman or in his absence, another member of the Committee (or failing that, his duly appointed delegate) shall attend the Company's annual general meeting(s) to answer questions relating to the Committee's activities.
- 7.8 The Committee shall ensure that meeting minutes and related papers are retained for a period consistent with the Company's document retention policy and regulatory requirements.

7.9 The Committee shall report to the Board any significant issues relating to financial reporting, risk management, internal controls, fraud, or compliance matters identified during its work.

7.10 The Committee shall ensure that material findings and recommendations are communicated to the Board in a timely manner, particularly those affecting financial reporting integrity or internal control effectiveness.

**8. REVIEW AND AMENDMENT OF TERMS OF REFERENCE**

8.1 The Committee shall review its terms of reference at least annually and recommend any proposed changes to the Board, taking into account the latest Listing Rules and Corporate Governance Code requirements.

8.2 The Committee shall ensure timely implementation of amendments and update the published versions accordingly. Any amendments to these terms of reference must be approved by the Board.

**9. AVAILABILITY OF TERMS OF REFERENCE**

The Committee shall make available its terms of reference on the Company's website and the Stock Exchange's website, in accordance with the Listing Rules and the Corporate Governance Code.