# Terms of Reference of the Audit Committee of the Board of Directors of CSC Financial Co., Ltd.

## Chapter 1 General Provisions

**Article 1** In order to standardize the meeting and decision-making procedures of the audit committee (the Audit Committee) of the board of directors of CSC Financial Co., Ltd. (the Company), improve the work efficiency and decision-making capabilities of the Committee, and ensure smooth progresses on various works of the Audit Committee, these terms of reference are formulated in accordance with the requirements of the relevant national laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchanges where the shares of the Company are listed (collectively as the Relevant Rules), and the Articles of Association of CSC Financial Co., Ltd. (the Articles of Association), with reference to the actual situation of the Company.

**Article 2** The Audit Committee shall convene its regular meeting at least once a quarter. Pursuant to the provisions of the Relevant Rules, the Articles of Association, and these terms of reference, extraordinary meetings of the Audit Committee can also be convened.

## Chapter 2 Composition of the Audit Committee

**Article 3** The Audit Committee shall be composed of no less than three directors not serving as senior management personnel in the Company, among which more than half of the members shall be independent directors. At least one independent director shall have appropriate professional qualifications stipulated by the Relevant Rules or possess appropriate accounting or related financial management expertise, and have at least five years or more experience in accounting. The employee representative who is a member of the board of directors may become a member of the Audit Committee.

The chairman of the Audit Committee shall be the convener and shall be an accounting professional among the independent directors.

**Article 4** Members and chairman of the Audit Committee shall be decided by the board of directors.

**Article 5** The term of office of the Audit Committee shall be the same as that of the board of directors. A member may offer himself/herself for re-election upon the expiration of his/her term of office. Any member of the Audit Committee who ceases to be a director or who acts as an independent director but ceases to be independent as required by the Relevant Rules and the Articles of Association shall be automatically disqualified as a member of the Audit Committee. The board of directors shall fill the vacancy in accordance with the requirements if the number of the members of the Audit Committee fails to meet the requirements of the Relevant Rules, the Articles of Association or these terms of reference.

## Chapter 3 Duties of the Audit Committee

**Article 6** In accordance with relevant requirements of the Relevant Rules and the Articles of Association, the Audit Committee shall be mainly responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external audits and the Company's internal control. Its major duties are set out as follows:

(1) supervising and evaluating the external audit work, proposing to engage or dismiss the external auditor, and supervising the practice of external auditors;

(2) monitoring annual audit work and making judgment on the truthfulness, accuracy and completeness of the audited information contained in the financial reports before submitting the reports to the board of directors;

(3) supervising and evaluating the internal audit work, and being responsible for the coordination between the internal audit and the external audit;

(4) reviewing the financial information of the Company and its disclosure;

(5) supervising and evaluating the internal control of the Company;

(6) supervising and inspecting the performance of duties by the board of directors and senior management in respect of risk management and consolidated statement management, and procuring them to rectify;

(7) exercising the functions and powers of the Supervisory Committee as prescribed by Article 78 of the Company Law;

(8) other duties determined by the Relevant Rules, the Articles of Association and the board of directors.

The Audit Committee shall also have the following powers: engaging accounting firms, law firms, other intermediaries or professionals to assist in its work when deemed necessary; requiring directors and senior management members to submit reports on duty performance, where directors and senior management members shall faithfully furnish the Audit Committee with relevant information and materials, and shall not interfere with the exercise of the functions and powers of the Audit Committee.

**Article 7** In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Hong Kong Listing Rules), A Guide for Effective Audit Committees published by the Hong Kong Institute of Certified Public Accountants and other requirements, the Audit Committee can also exercise the following specific duties and functions:

(1) being responsible for making recommendations to the board of directors on the appointment, reappointment and removal of the external auditor, and being responsible for making recommendations to the board of directors on the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

(2) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and the Audit Committee shall discuss with the auditor the nature and scope of the audit and reporting obligations before the audit work commences;

(3) developing and implementing policy on the engagement of an external auditor to supply non-audit services and to review and monitor the external auditor's supply of non-audit services. The Audit Committee shall identify any matters for which action or improvement is needed and report to the board of directors and make recommendations as to the steps to be taken. For this purpose, external auditor shall 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 having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally;

(4) monitoring the truthfulness, accuracy and completeness of the Company's financial statements, annual reports, accounts and interim reports, and reviewing significant financial reporting judgments contained in the statements and reports. In reviewing these statements and reports before submission to the board of directors, the Audit Committee should focus particularly on:

   (i) any changes in accounting policies and practices;
   (ii) major areas of judgment;
   (iii) significant adjustments resulting from the audit;
   (iv) the going concern assumption of the enterprise and any qualifications;
   (v) compliance with accounting standards;
   (vi) compliance with the Hong Kong Listing Rules and other legal requirements in relation to financial reporting.

(5) In regard to (4) above:
    (i) members of the Audit Committee should liaise with the board of directors and senior management; and the Audit Committee must meet, at least twice a year, with the auditors of the Company;
    (ii) the Audit Committee should consider any significant or unusual matters 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 Company's staff responsible for the internal accounting and financial reporting function, internal auditing, compliance department, monitoring officer or external auditors.
(6) reviewing the Company's financial controls;
(7) discussing the internal control system with management to ensure that management has performed its duty to establish an effective internal control system, the discussion of which should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
(8) conducting research on major investigation findings on internal control matters and management's response to these findings on its own initiative or as delegated by the board of directors;
(9) being responsible for communications between internal and external auditors, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, reviewing and monitoring the effectiveness of the internal audit function;
(10) reviewing the financial and accounting policies and practices of the Company;
(11) 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 responses of the board of directors and management;
(12) reviewing the following arrangements established by the Company: the Company can raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action, and act as the key representative body for overseeing the Company's relations with the external auditor;
(13) reporting to the board of directors on matters specified in code provision D.3.3 of Appendix C1 to the Hong Kong Listing Rules (as amended from time to time), and to report to the board of directors on resolution or recommendations of the Audit Committee.

**Article 8** The following matters shall be submitted to the board of directors for consideration upon obtaining approval from more than half of members of the Audit Committee:

(1) disclosing financial information and internal control evaluation reports in financial and accounting reports and regular reports;
(2) engagement or dismissal of the accounting firm that undertakes the audit business of the Company;
(3) engagement or dismissal of the chief financial officer of the Company;
(4) changes in accounting policies and accounting estimates or correction of significant accounting errors resulting from reasons other than changes in accounting standards;
(5) other matters as required by the Relevant Rules and the Articles of Association.

**Article 9** The Audit Committee may set up an administrative office under it with relevant responsibilities undertaken by the financial planning department and audit department of the Company. Upon approval, the staff of the administrative office are allowed to attend relevant meetings of the Company, access to relevant information, issue independent monitoring reports accordingly on a regular basis for submission to the Audit Committee.

**Article 10** The Audit Committee may engage external professionals to provide services, and the reasonable expenses incurred shall be borne by the Company.

**Article 11** The Chairman of the Audit Committee is primarily responsible for performing the following duties:

(1) convening and presiding over the regular meetings of the Audit Committee;
(2) convening extraordinary meetings of the Audit Committee under exceptional circumstances;
(3) supervising and inspecting the implementation of resolutions of the Audit Committee;
(4) other duties authorized by the board of directors and the Audit Committee.

## Chapter 4 Convening and Notice of Meetings of the Audit Committee

**Article 12** In addition to the regular meetings of the Audit Committee, extraordinary meetings may be convened when two or more members of the Audit Committee so propose, or when the convener of the Audit Committee deems it necessary.

**Article 13** The meetings of the Audit Committee shall be held on-site. On the premise of ensuring that all participating directors can fully communicate and express their opinions, the meetings may be held by video, telephone or other means in accordance with the procedures when necessary.

**Article 14** In principle, a written notice shall be given and relevant data and information shall be provided to all members not later than three days before the meeting of the Audit Committee is convened; however, under special circumstances, such notice period may be reduced to less than three days upon the consent of two-thirds or more of the members of the Audit Committee, or by way of other means to inform all members.

**Article 15** Notice of meeting of the Audit Committee shall include the following:

(1) date and venue of the meeting;
(2) duration of the meeting;
(3) reasons for and proposals of the meeting;
(4) date of dispatch of the notice.

The proposals and notices of the meeting shall be determined by the convener of the Audit Committee and delivered to all members of the Audit Committee through the staff of the board of directors of the Company.

## Chapter 5 Rules of Procedures and Voting Procedures of the Audit Committee

**Article 16** The meeting of the Audit Committee shall be held with two-thirds or more of members present. Each member shall have one vote. An effective resolution shall be approved by more than half of all members of the Audit Committee. Members of the Audit Committee shall abstain from voting in the event that they have interests in the matters to be discussed at the meeting. If no effective opinion on review can be formed due to abstention, the relevant matters shall be submitted to the board of directors for consideration.

**Article 17** The meetings of the Audit Committee shall be attended by the members in person, and shall not be represented.

**Article 18** The meetings of the Audit Committee shall be presided over by the convener of the Audit Committee. In case the convener of the Audit Committee is unable to preside over the meeting for any reason, another member as designated by the convener of the Audit Committee shall preside over the meeting.

**Article 19** Based on the agenda and needs of the meetings, the Audit Committee can invite other persons relating to the topics of the meeting to brief relevant situations or listen to relevant opinions, and such persons shall not be absent from the meeting without proper reasons. Such persons shall not be involved in the discussion, or affect the progresses, voting or resolution of the meeting.

**Article 20** In principle, the Audit Committee will not review the topics or items unlisted in the notice of the meeting. Under special circumstances where new topics or matters have to be added, such topics or matters shall be reviewed and resolution shall be made with the consent of two-thirds or more of the members of the Audit Committee.

## Chapter 6 Resolutions and Minutes for the Meeting of the Audit Committee

**Article 21** After voting at the meeting of the Audit Committee, the resolutions shall be formulated and minutes shall be prepared, and opinions of independent directors shall be set forth in the minutes of the meeting. Each member of the Audit Committee attending the meeting shall sign the resolutions and minutes of the meeting. The written documents and minutes of the resolutions shall be kept by the Company as corporate archives and shall be kept for a period of not less than ten years during the existence of the Company.

**Article 22** The resolutions of the Audit Committee meeting shall include the following:

(1) the date, venue and the convener of the meeting;
(2) the number of Committee members who should attend the meeting and the actual number of attendees;
(3) explanations on the procedures of the meeting and the validity of the resolutions of the meeting;
(4) explanations on the contents of the resolutions as considered and voted at the meeting and the voting result;
(5) other matters to be specified and included in the resolutions.

**Article 23** After the formulation of the resolutions by the Audit Committee, if necessary, such resolutions should be submitted to the board of directors for consideration and approval in a timely manner.

## Chapter 7 Supplementary Provisions

**Article 24** Unless otherwise specified, terms used in these terms of reference shall have the same meanings as those defined in the Articles of Association.

**Article 25** Matters not provided for under these terms of reference or resulting in conflict with these terms of reference and provisions of the Relevant Rules and the Articles of Association shall be implemented in accordance with provisions of the Relevant Rules or the Articles of Association.

**Article 26** These terms of reference shall be interpreted and amended by the board of directors.

**Article 27** Upon consideration and approval by the board of directors, these terms of reference shall become effective from November 21, 2025.