

Shin Hwa World Limited
(the “Company”,
together with its subsidiaries, the “Group”)

Terms of Reference of Audit Committee
(Latest amendments approved by the Board on 30 March 2026)

Constitution

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to establish a sub-committee of the Board to be known as the Audit Committee (the “**Committee**”).

Membership

1. The Committee shall be appointed by the board from amongst the non-executive Directors and shall consist of not less than three members, comprising a majority of independent non-executive Directors. At least one member shall have the 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 on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).
2. A former partner of the Company’s existing auditing firm is prohibited from acting as a member of the Audit Committee for a period of two years from the date of the person ceasing: -
 - (a) to be a partner of the auditing firm; or
 - (b) to have any financial interest in the auditing firm,whichever is later.
3. The chairman of the Committee (the “**Chairman**”) shall be appointed by the Board and should be an independent non-executive Director.

Attendance at meetings

4. The Financial Controller and a representative of the external auditor shall normally attend meetings.
5. The quorum shall be two members of the Committee.

Frequency of meeting

6. Meetings shall be held not less than twice a year. The external auditor may request a meeting if they consider that one is necessary.

Authority

7. The Committee is authorized by the Board to investigate 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.
8. The Committee is authorized by the Board, at the expenses of the Company, 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.

Duties

9. The duties of the Committee shall be:

Relationship with external auditor

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and the terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with HKGAAP and the Group's accounting policies, to discuss with external auditor before the audit commences, the nature and scope of the audit and reporting obligations, and ensure co-ordination where more than one audit firm is involved;
- (c) to develop and implement policy on engaging an external auditor (which 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 of all relevant information would reasonably conclude to be part of the audit firm nationally or internationally) to supply non-audit services, to identify, to make recommendations on and report to the Board on any matters where action or improvement is needed;
- (d) to act as the key representative body for overseeing the Company's relations with the external auditor;

Review of financial information

- (e) to monitor integrity of the Company's financial statements, annual report and accounts and half-year report, and to review significant financial reporting judgments contained in them. 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 the audit;
 - (iv) the going concern assumption and any qualifications;

- (v) compliance with accounting standards; and
 - (vi) compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and legal requirements in relation to financial reporting;
- (f) in conducting the review described in (e) above, members of the Committee: -
- (i) should liaise with the Board and senior management and must meet the auditors at least twice a year to discuss problems and reservations arising from the interim and annual audits, and any matters and auditor may wish to discuss (in the absence of management where necessary); and
 - (ii) 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 (or person occupying the same position), or external auditor;

Oversight of the 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 Company’s 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 review the external auditor’s management letter, any material queries raised by the auditor to the management about the accounting records, financial accounts or systems of control and management’s response;
- (j) to review the company’s statement on risk management and internal control systems (where one is included in the annual report) prior to endorsement by the Board;
- (k) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (l) 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;

- (m) to review the Company's financial and accounting policies and practices;
- (n) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (o) to report to the Board on the matters set out in the Corporate Governance Code (the "CG Code") of the Listing Rules (as amended from time to time);
- (p) to review the Company's arrangements for its employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (q) to review the Company's Whistleblowing Policy and system for employees of the Group and those who deal with the Group to raise concerns, in confidence and anonymity, about possible improprieties in any matter related to the Group, including but not limited to improprieties in financial reporting and internal control. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (r) to review the Group's findings of investigations and follow-up actions; and
- (s) to consider other topics, as defined by the Board.

Corporate Governance Functions

The Committee is: -

- (a) to develop and review the Company's policies and practices on corporate governance including policies and practices on anti-corruption and whistleblowing, ensure their relevance and effectiveness, and make recommendations to the Board;
- (b) to review and monitor the trainings and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report in the annual report of the Company.

Reporting and others

10. The Chairman shall report back to the Board on their decisions or recommendations after the meeting, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
11. Other than the provisions provided herein, the meetings and proceedings of the Committee shall be governed by the provisions contained in the Bye-laws of the Company for regulating the meeting and proceedings of the Board.

Publication of the Terms of Reference

12. This Terms of Reference is posted on the websites of the Company and Hong Kong Exchanges and Clearing Limited. A copy of the Terms of Reference will be made available to any person without charge upon request.

Should there be any discrepancy between English and Chinese versions, the English version shall prevail.