

STAR SHINE HOLDINGS GROUP LIMITED

應星控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(the “**Company**”)

(Stock Code: 1440)

Audit Committee

Terms of Reference

These terms of reference were approved and adopted on 16 December 2020 and as amended to take effect on 19 December 2025 by resolutions of the board (the “**Board**”) of directors (the “**Directors**”, each as a “**Director**”) of the Company.

1. MEMBERSHIP

- 1.1 Members of the audit committee (the “**Audit Committee**”) of the Company shall be appointed by the Board and the Audit Committee must consist of a minimum of three members.
- 1.2 Membership of the Audit Committee shall be confined to non-executive Directors, the majority of whom should be independent non-executive Directors (“**INED**”), at least one of whom shall have 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**”).
- 1.3 A former partner of the Company’s existing external auditor shall be prohibited from acting as a member of the Audit Committee for a period of two years commencing on the date of his/her ceasing:
 - (a) to be a partner of the firm; or
 - (b) to have any financial interest in the firm,whichever is the later.
- 1.4 The term of office of a member of the Audit Committee shall be determined by the Board.

1.5 Each member of the Audit Committee shall disclose to the Audit Committee:

- (a) any personal financial interest (other than as a shareholder of the Company (the “**Shareholders**”)) in any matter to be decided by the Audit Committee; and
- (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Audit Committee in relation to which such interests exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Audit Committee.

1.6 Appointment of members of the Audit Committee may be revoked by the Board and should be automatically terminated if they cease to hold the office of the Director for any cause.

2. **CHAIRMAN**

2.1 The chairman of the Audit Committee (the “**Chairman**”) shall be appointed by the Board and should be an INED. In the absence of the Chairman from any meeting, the remaining members of the Audit Committee present shall elect one of their members to be the Chairman, who shall also be an INED.

3. **SECRETARY**

3.1 The company secretary of the Company shall be the secretary of the Audit Committee (the “**Secretary**”).

3.2 The Audit Committee may from time to time appoint any other person with appropriate qualification and experience as the secretary of the Audit Committee.

4. **QUORUM**

4.1 The quorum for meetings of the Audit Committee shall be any two members of the Audit Committee and a majority of which shall be the INEDs.

4.2 A duly convened meeting of the Audit Committee at which a quorum is present at the time when the meeting proceeds to business and continues to be present until the conclusion of the meeting shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit Committee.

5. FREQUENCY OF MEETINGS

- 5.1 The Audit Committee shall meet at least twice a year (the “**Regular Meeting**”) to review and discuss the interim and annual financial statements of the Company. Additional meetings shall be held at such other times as the Chairman or any other members of the Audit Committee shall require.
- 5.2 At least once a year, representatives of the external auditor of the Company will meet the Committee without any management being present, except by invitation of the Committee, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditor may wish to raise
- 5.3 The external auditors may request the Chairman to convene a meeting if they consider that one is necessary.

6. ATTENDANCE AT MEETINGS

- 6.1 Members of the Audit Committee may attend meetings of the Audit Committee either in person or through other electronic means of communication.
- 6.2 The Secretary (or his/her delegate) shall attend all Regular Meetings to take minutes.

7. NOTICE OF MEETINGS

- 7.1 A meeting of the Audit Committee may be convened by any of its members, or by the Secretary at the request of any of its members or external auditors.
- 7.2 Reasonable notice shall be given, as far as practicable, in writing or by telephone or in such other manner as the Audit Committee may from time to time determine. Any member of the Audit Committee may waive notice of any meeting either prospectively and retrospectively.
- 7.3 In respect of a Regular Meeting and so far as practicable in all other cases, an agenda and accompanying supporting papers shall be sent to all members of the Audit Committee and to other attendees as appropriate at least three days before the date of the meeting (or such other period as all the members of the Audit Committee may agree).

- 7.4 Any member of the Audit Committee shall be entitled, by notice to the Secretary, to include other matters relevant to the functions of the Audit Committee in the agenda of an Audit Committee meeting.
- 7.5 A resolution in writing signed by all the members of the Audit Committee shall be as valid and effectual as if a resolution had been passed at a meeting of the Audit Committee duly convened and held.

8. MINUTES OF MEETINGS

- 8.1 The Secretary (or his/her delegate) in attendance at the meetings of the Audit Committee shall record in sufficient details the matters considered and decisions reached at such meetings. The minutes shall also include any concerns raised and/or dissenting views expressed by any member of the Audit Committee.
- 8.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant member of the Audit Committee shall not be counted towards the quorum and he/she shall abstain from voting on any resolution of the Audit Committee in which he/she or any of his/her associates has a material interest.
- 8.3 Minutes of the Audit Committee shall be kept by the Secretary and shall be available for inspection by any Directors at any reasonable time on reasonable notice.
- 8.4 Draft and final versions of minutes of Audit Committee meetings shall be sent to all members of the Audit Committee for their comment and records respectively, in both cases within a reasonable time after the meeting is held. Once the minutes are signed, the Secretary shall circulate the minutes and reports of the Audit Committee to all members of the Board.

9. ANNUAL GENERAL MEETING

- 9.1 The Chairman or in his/her absence, another member of the Audit Committee or failing this, his/her duly appointed delegate, shall attend the annual general meeting (the “AGM”) of the Company and be prepared to respond to questions at the AGM on the Audit Committee’s activities and its responsibilities.

10. OTHER REGULATIONS GOVERNING THE MEETINGS AND PROCEEDINGS OF THE AUDIT COMMITTEE

10.1 Unless otherwise specified above, the provisions contained in the Company's Articles of Association for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Audit Committee.

11. AUTHORITY

11.1 The Audit Committee is authorised by the Board:

- (a) to investigate any activity within these terms of reference;
- (b) to seek any information it reasonably requires from any employee of the Company; and
- (c) to direct all employees of the Company and its subsidiaries (the "**Group**") to co-operate with any reasonable request made by the Audit Committee.

12. DUTIES

The duties of the Audit Committee are as follows:

12.1 Relationship with the Company's external auditors

- (a) to be primarily 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 to consider any questions of resignation or dismissal;
- (b) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (c) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable accounting standards;
- (d) to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

- (e) to ensure co-ordination where more than one audit firm is involved;
- (f) to develop and implement policy on the engagement of an external auditor to supply non-audit services. 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. The Audit Committee shall report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
- (g) to approve in advance the supply of any non-audit services by the external auditor by (a) considering the impact this may have on independence; (b) taking into account the relevant regulations and ethical guidance in this regard; (c) agreeing the terms of engagement and (d) the fees for any such services; and report to the Board on any improvement or action required.

12.2 Review of financial information of the Company

- (a) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In this regard, in reviewing the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports before submission to the Board, the Audit Committee shall 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; and
 - (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;

- (b) in regard to 12.2(a) above:
 - (i) members of the Audit Committee shall liaise with the Board and senior management and the Audit Committee shall meet not less than twice a year with the Company's external auditors; and
 - (ii) the Audit Committee shall 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 Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditors;
- (c) to discuss problems and reservations arising from the interim and final audits and any matters the external auditors may wish to discuss (in the absence of the management where necessary); and
- (d) to review the Company's statement on internal control systems (where one is included in the annual report) prior to endorsement by the Board.

12.3 Oversight of the financial reporting system, risk management and internal control systems

- (a) to review the Company's financial controls, risk management and internal control systems;
- (b) to ensure that the effectiveness of the risk management and internal control systems of the Company and its subsidiaries is reviewed at least annually, and management to provide a confirmation on the effectiveness of these systems, and the scope of the review should cover all material controls, including financial, operational and compliance controls;
- (c) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have an effective systems. This discussion should include:
 - (i) the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;
 - (ii) the changes in the nature and extent of significant risks, and the ability of the Group to respond to changes in its business and the external environment;

- (iii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and the work of its internal audit function and other assurance providers, if any;
 - (iv) the extent and frequency of communication of monitoring results to the Board for the purposes of assessing the adequacy and the effectiveness of the risk management and internal control systems of the Group; and
 - (v) significant control failings or weaknesses identified during the review of the risk management and internal control systems, and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the financial performance or condition of the Company, and any remedial measures taken to address such control failings or weaknesses;
- (d) to consider any major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response;
 - (e) where an internal audit function exists, 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, and to review and monitor the effectiveness of the internal audit function;
 - (f) to review the Group's financial and accounting policies and practices;
 - (g) to review the external auditor's management letter, any material queries raised by the external auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
 - (h) to review arrangements employees of the Company can use, 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;
 - (i) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

- (j) to review the 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 Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (k) to report to the Board on the matters set out herein and, in particular, the matters required to be performed by the Audit Committee under the Code on Corporate Governance Practices set out in Appendix C1 of the Listing Rules; and
- (l) to consider other topics, as defined by the Board.

12.4 Corporate governance functions

- (a) to develop and review the Company's policies and practices on corporate governance, including policies and practices on anti-bribery and anti-corruption and whistleblowing, ensure their relevance and effectiveness, and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of the Company's 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 the Company's employees and directors; and
- (e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

13. REPORTING RESPONSIBILITIES

13.1 Where the Board disagrees with the Audit Committee's views on the selection, appointment, resignation or dismissal of the external auditors, the Audit Committee shall prepare a statement, for inclusion in the Company's Corporate Governance Report, explaining its recommendations. The Board shall include in the same report the reason(s) why the Board has taken a different view.

13.2 The Audit Committee shall compile a report to shareholders on its role and work performed by it during the year in discharging its responsibilities in its review of the quarterly (if relevant), half-yearly and annual results and system of internal control, and its other duties set out in the Code, for inclusion in the Company's Corporate Governance Report.

13.3 The Audit Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

14. OTHERS

14.1 The Audit Committee shall be provided with sufficient resources to perform and discharge its duties.

14.2 All members of the Audit Committee shall have access to the advice and services of the Secretary with a view to ensure that procedures of the Audit Committee and all applicable law, rules and regulations are followed.

14.3 In the event that the Audit Committee or any member of the Audit Committee requires access to outside independent professional advice in connection with its/his/her duties, a request may be made to the Board through the Secretary. All such requests shall be processed in accordance with the pre-defined procedures of the Company for seeking independent professional advice at the expense of the Company.

14.4 Every member of the Audit Committee shall ensure that he/she can give sufficient time and attention to his/her duties as a member of the Audit Committee. He/she shall give the Company the benefit of his/her skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.

15. PUBLICATION OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

15.1 These terms of reference of the Audit Committee shall be posted on the websites of the Company and on the website of The Stock Exchange of Hong Kong Limited, and shall be made available upon request.

16. REVIEW OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

16.1 The Audit Committee shall review these terms of reference annually and may consider and submit to the Board any proposed changes that the Audit Committee deems appropriate or advisable.

Notes:

1. “senior management” shall refer to the same category of persons as referred to in the Company’s annual report and is required to be disclosed under paragraph 12 of Appendix D2 to the Listing Rules.
2. In case of discrepancies or inconsistencies between the English version and the Chinese version of this terms of reference, the English version shall prevail.