

**CTF SERVICES LIMITED**  
*(incorporated in Bermuda with limited liability)*  
(the “Company”, together with its subsidiaries, the “Group”)

**Terms of Reference of Audit Committee (the “Committee”)**

**1. Membership**

- 1.1 The Committee shall be appointed by the board of directors of the Company (the “Board”) from amongst the non-executive directors of the Company and shall consist of not less than three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).
- 1.2 The majority of the Committee members must be independent non-executive directors of the Company.
- 1.3 The Chairman of the Committee shall be appointed by the Board from amongst the independent non-executive directors.

**2. Secretary**

- 2.1 The Company Secretary shall act as the secretary of the Committee.

**3. Attendance at meetings**

- 3.1 The Financial Controller of the Group and representatives of external auditor shall attend all meetings at the invitation of the Committee.
- 3.2 Other Board members shall also have the right of attendance. However, at least once a year, the Committee shall meet with the external auditor without executive directors present.

**4. Frequency of Meetings**

- 4.1 The Committee shall meet at least twice a year.
- 4.2 External auditor may request a meeting if they consider that one is necessary.

**5. Notice of Meetings**

5.1 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any member of the Committee.

5.2 Agenda and accompanying meeting papers should be sent in full to all members of the Committee in a timely manner and at least three days before the intended date of a Committee meeting unless otherwise agreed by all members of the Committee.

**6. Proceeding of Meetings**

6.1 The quorum necessary for the transaction of business of the Committee shall be two, of which both of them must be independent non-executive directors of the Company.

6.2 In the case of any equality of votes, the Chairman of the Committee shall have a casting vote.

**7. Minutes of Meetings**

7.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

7.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee within a reasonable time after the meeting and, once agreed, to all other members of the Board.

7.3 A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in the same form each signed by one or more of the members of the Committee. Such resolution may be signed and circulated by fax or other electronic communications.

**8. Authority**

8.1 The Committee is authorized by the Board to:

- (a) review any activity within its terms of reference;

- (b) seek any information that it requires from any employee of the Company in order to perform its duties and all employees are directed to co-operate with any requests made by the Committee; and
- (c) obtain outside legal or independent professional advice and such advisors may attend meetings as necessary.

## **9. Duties**

### **9.1 The duties of the Committee shall be:**

- (a) to be primarily responsible for making recommendations to the Board on 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;
- (b) 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 should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" 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 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;
- (d) to monitor integrity of the Company's financial statements and annual reports and accounts and half-year reports and to review significant financial reporting judgements 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 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;
- (e) Regarding (d) above:
- (i) members of the Committee should liaise with the Board and senior management of the Company and the Committee must meet, at least twice a year, with the Company's auditor; and
  - (ii) the Committee should 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 auditor;
- (f) to review the Company's financial controls, risk management and internal control systems;
- (g) 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;
- (h) 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;
- (i) 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 its effectiveness;
- (j) to review the Group's financial and accounting policies and practices;
- (k) 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;
- (l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

- (m) to report to the Board on the matters in code provision D.3.3 of the Corporate Governance Code as contained in Appendix C1 of the Listing Rules;
- (n) to review the arrangements that employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (o) to act as the key representative body for overseeing the Company's relations with the external auditor; and
- (p) to consider other topics and approve, or make recommendations to the Board, for any other matters as defined by the Board or as required under the Listing Rules.

## **10. Reporting Responsibilities**

- 10.1 The Committee shall make whatever recommendations to the Board it deems appropriate or any area within its remit where action or improvement is needed.
- 10.2 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 10.3 The Chairman of the Committee, or failing him, any member of the Committee shall attend the annual general meetings of the Company and shall answer questions on the Committee's activities and their responsibilities.

*Note: If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.*

(Revised and adopted on 26 February 2025)