

These terms of reference are prepared in English. In case of any inconsistency between the Chinese version and the English version, the English version shall prevail.

MILLENNIUM PACIFIC GROUP HOLDINGS LIMITED

匯思太平洋集團控股有限公司

(the “Company”)

AUDIT COMMITTEE – TERMS OF REFERENCE

Approved by the board of directors (the “**Board**”) of the Company on 20 June 2014 and amended by the Board on 28 December 2015, 15 January 2019 and 8 August 2025

1. Establishment

- 1.1 The Audit Committee (the “**Committee**”) is established by the Company.
- 1.2 Subject to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”) and the Articles of Association of the Company, the procedures of the Committee shall be regulated by the provision of this set of terms of reference (the “**Terms of Reference**”).

2. Membership

- 2.1 The Committee shall be appointed by 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 in Rule 5.05(2) of the GEM Listing Rules (the “**Finance Member**”).
- 2.2 The majority of the Committee members should be independent non-executive directors of the Company.
- 2.3 The chairman of the Committee must be an independent non-executive director.
- 2.4 The quorum of the Committee meeting shall be two members of the Committee, including the Finance Member.

2.5 A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Committee for a period of two years from the date of the person ceasing:

- (i) to be a partner of the firm; or
 - (ii) to have any financial interest in the firm,
- whichever is later.

2.6 A member who wishes to retire or resign from the Committee should provide notice to the Company so that a replacement may be appointed before he leaves.

3. Casting vote

3.1 In the case of an equality of votes at a meeting of the Committee, the chairman of the meeting shall have the casting vote.

4. Authority and Duty

The Board should establish formal and transparent arrangements to consider how it will apply financial reporting and internal control principles and maintain an appropriate relationship with the Company's auditors. The responsibility of the Committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting and internal control system. The Committee shall have the following authority, duties, powers and discretion:

Authority

4.1 The authority of the Committee is derived from the Board therefore the Committee is obliged to report to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so.

4.2 The Committee is authorized by the Board to investigate any activity within the scope of these terms of reference and shall be provided with sufficient resources to perform its duties. It is authorized to seek any information it requires from any employee of the Company and its subsidiaries (hereinafter referred to as the "**Group**") and members of the Board in order to perform its duties and all employees of the Group and members of the Board are directed to co-operate with any request made by the Committee within the scope of these terms of reference.

4.3 The Committee has the authority to exercise the following powers:

- (i) to review and monitor whether the Group's management has, in the performance of its duties, infringed any policies set by the Board or any applicable law, regulation and code (including the GEM Listing Rules and other rules and regulations from time to time laid down by the Board or a committee thereof);
- (ii) to investigate all suspected fraudulent acts involving the Group and request the management of the Group to make investigation and submit reports;
- (iii) to review the Group's internal control procedures and system and to make recommendations to the Board for the improvement of the Group's internal control procedures and system;
- (iv) to review the performance of the Group's employees in the accounting and internal audit department; and
- (v) to request the Board to take all necessary actions, including convening a special general meeting, to replace and dismiss the auditors of the Group;

Duty

Appointment of the Company's auditors

- 4.4 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 terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- 4.5 to act as the key representative body for overseeing the Company's relations with the external auditor;
- 4.6 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and:
 - (a) to consider all relationships between the Company and the audit firm (including non-audit services); and
 - (b) to obtain from the audit firm, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including provision of non-audit services and requirements for rotation of audit partners and staff;

- 4.7 to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 4.8 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; and
- 4.9 to discuss problems and reservations arising from the quarterly (if any), interim and final audits any matters the external auditors may wish to discuss (in the absence of the Board and other employees of the Group at the discretion of the Committee where necessary);

Review of the Company’s financial information

- 4.10 to monitor integrity of the Company’s financial statements and annual report and accounts, half-year report and quarterly 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) financial reporting and accounting policies and practices and any changes in these 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;
 - (vi) compliance with the GEM Listing Rules, other applicable rules and legal requirements in relation to financial reporting;

- (vii) any connected transactions and their impact on the profitability of the Company;
- (viii) items requiring disclosure; and
- (ix) cash flow position;

4.11 Regarding 4.10 above: -

- (i) members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditors without executive Board members present (except those invited by the Committee); 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 auditors;

Overseeing of the Company's financial reporting system, risk management and internal control systems

- 4.12 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, including those managing cyber risks, with particular regard to their effectiveness;
- 4.13 to discuss the risk management and internal control system with management to ensure that management has performed its duty to have put in place appropriate and effective risk management and internal control systems for the purposes of dealing with identified risks (including cyber risks), safeguarding assets, preventing and detecting fraud, misconduct and loss, ensuring the accuracy of financial reports and achieving compliance with applicable laws and regulations;

This discussion should include:

- (a) the changes in the nature and extent of significant risks (including ESG risks), and the Group's ability to respond to changes in its business and the external environment;
 - (b) the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and the work of its internal audit function and other assurance providers, if any;
 - (c) 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;
 - (d) 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;
 - (e) the effectiveness of the Group's processes for financial reporting and GEM Listing Rules compliance; and
 - (f) the adequacy of resources (internal and external) for designing, implementing and monitoring the risk management and internal control systems, including staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting;
- 4.14 to consider major investigations 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;
- 4.15 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 its effectiveness and meet the Head of Internal Audit at least annually to ensure that there are no unresolved issues or concerns;

- 4.16 to review the Group's financial and accounting policies and practices;
- 4.17 to review the external auditor's management letter, any material queries raised by the auditor to management about the accounting records, financial accounts, risk management and internal control systems and management's response;
- 4.18 to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- 4.19 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 and ensuring that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- 4.20 to report to the Board on the matters in the Corporate Governance Code and Corporate Governance Report in Appendix C1 of the GEM Listing Rules;
- 4.21 to ensure that the effectiveness of the risk management and internal control systems of the Group is reviewed at least annually (the scope of which review should cover all material controls, including financial, operational and compliance controls), and that management provide a confirmation on the effectiveness of these systems;
- 4.22 to report to the Board on the matters set out in the Terms of Reference;
- 4.23 to consider other topics, as defined by the Board;
- 4.24 to establish a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, including anti-bribery and anti-corruption, in confidence, with the audit committee about possible improprieties in any matter related to the Company; and
- 4.25 to review the disclosure in the Company's interim and annual reports regarding any regulatory deficiencies and remedial actions.

5. Disagreement as to appointment of external auditors

- 5.1 Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Committee should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

6. Administration

- 6.1 The Committee shall hold at least four meetings each financial year. The meeting may be held by means of a conference telephone or other communication facility. Additional meetings shall be held as the work of the Committee demands.
- 6.2 The meetings and proceedings are governed by the provisions contained in the Company's Articles of Association.
- 6.3 The Company Secretary of the Company shall be the secretary of the Committee.
- 6.4 The Committee may invite executive directors, external auditors and/or any other person(s) to attend the Committee meeting.
- 6.5 The chief financial officer, the head of internal audit of the Company and a representative of the external auditors shall normally attend meetings of the Committee.
- 6.6 An agenda and accompanying papers shall be sent in full to all members of the Committee in a timely manner and at least 7 days before the intended date of the meeting of the Committee (or such other period as agreed by its Members).

7. Reporting Procedures

- 7.1 The chairman of the Committee should attend the annual general meeting. In his absence, he should invite another member of the committee or failing this his duty appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.
- 7.2 The Committee shall report to the Board on its decisions or recommendations on a regular basis.
- 7.3 The Company Secretary shall keep full minutes of each Committee meeting. Draft and final versions of minutes of meetings shall be sent to all Committee members for their comments and records within a reasonable time after the meeting.

- 7.4 The Company Secretary shall circulate the minutes of meetings of the Committee to all members of the Board, unless a conflict of interest exists or there are legal or regulatory restrictions on its ability to do so.

8. Disclosure

The Committee shall make available the Terms of Reference on the website of the Growth Enterprise Market operated by The Stock Exchange of Hong Kong Limited and the Company's website explaining the role of the Committee and the authority delegated to it by the Board.

9. Powers of the Board

The Board may, subject to compliance with the articles of association of the Company and the GEM Listing Rules, amend, supplement and revoke these Terms of Reference and/or any resolution passed by the Committee provided that no amendments to or revocation of these Terms of Reference and/or any resolution passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if these Terms of Reference or resolution had not been amended or revoked.