

METASURFACE

METASURFACE TECHNOLOGIES HOLDINGS LIMITED

元续科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8637)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. CONSTITUTION

The board of directors (the "**Directors**") of Metasurface Technologies Holdings Limited (the "**Company**") (the "**Board**") has resolved the establishment of the audit committee of the Company (the "**Committee**") on 7 June 2024 and has adopted the following terms as the terms of reference for the Committee.

2. MEMBERSHIP

2.1. Members of the Committee shall be appointed by the Board from amongst the non-executive Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors and at least one of whom is an independent non-executive Director of the Company. The Committee shall comprise such number of members with appropriate professional qualifications or accounting or related financial management expertise or experience as required under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (as amended from time to time) (the "**GEM Listing Rules**") and pursuant to the Singapore Code of Corporate Governance 2018 (the "**Corporate Governance Code").**

2.2. The term of each Committee member shall be the same as his/her term as a Director. Subject to the constitutions of the Company and the applicable laws and regulations, any member of the Committee may be re-appointed by the Board and continue to act as a member of the Committee upon the expiry of his/her term of appointment relating thereof.

2.3. A member of the Committee who ceases to be a member of the Board shall immediately and automatically cease to be a member of the Committee.

2.4. A former partner or director of the Company's existing auditing firm shall be prohibited from acting as a Member for a period of two (2) years from the date of the person ceasing:

(a) to be a partner or director (as the case may be) of the firm; or

(b) to have any financial interest in the firm,

whichever is later.

2.5. The chairman of the Committee (the "**Committee Chairman**") shall be appointed by the Board from time to time and shall be an independent non-executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

3. COMMITTEE SECRETARY

Save as otherwise appointed by the Committee in accordance with the remaining provisions of this paragraph 3, the company secretary of the Company shall act as the secretary of the Committee (the "**Committee Secretary**"). The Committee may, from time to time, appoint any other person with the appropriate qualification and experience as the Committee Secretary. The Committee Secretary, or in his/her absence, his/her representative or any one member of the Committee, shall be the secretary of the meeting.

4. FREQUENCY OF MEETINGS

4.1. Meetings shall be held not less than twice a year at appropriate times in the reporting and audit cycle and otherwise as required.

4.2. The Committee Chairman shall convene a meeting upon request by any member of the Committee. The external auditors may request a meeting if they consider that is necessary.

5. CONDUCT OF MEETINGS

5.1. Unless specified by these terms of reference, meetings and proceedings of the Committee shall be governed by the Company's articles of association regulating the meetings and proceedings of the Directors.

5.2. Unless otherwise waived by all members of the Committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee no later than 14 days before the date of the meeting. Supporting papers shall be sent to the Committee members and to other attendees as appropriate, at the same time.

5.3. The quorum of the Committee shall be any two members of the Committee. Meetings could be held in person, by telephone or by video conference, or through other means of electronic communications as long as all participants in the meeting can communicate simultaneously with each other. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5.4. Resolutions of the Committee at any meeting shall be passed by a majority of votes of the members of the Committee present. In the case of any equality of votes, the chairman of the meeting shall have a second or casting vote. Subject to compliance with the GEM Listing Rules and the applicable laws and regulations, 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 duly convened and held.

5.5. The Company's group financial controller and a representative of the external auditors shall normally attend meetings of the Committee. The Committee may invite any member of the senior management of the Company (the "**Senior Management**"), any Director, external advisers or any other persons to attend all or part of any meetings as the Committee considers appropriate, notwithstanding that the aforementioned persons shall not have a right to vote at such meetings. However, at least once a year the Committee shall meet with the external and internal auditors without the executive Directors present except by invitation of the Committee Chairman.

6. ANNUAL GENERAL MEETINGS

The Committee Chairman, or in his/her absence, another member of the Committee, or failing which his/her duly appointed delegate shall attend the annual general meetings of the Company and be available to answer questions thereat on the Committee's activities and its responsibilities.

7. AUTHORITY

7.1. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

7.2. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings of the Committee if it considers this necessary.

7.3. Management of the Company is obliged to supply the Committee with adequate information in a timely manner, to enable it to make informed decisions. The information supplied must be complete and reliable. Where a member of the Committee requires more information than information provided voluntarily by the management of the Company, the relevant member of the Committee should make additional necessary enquiries. Each member of the Committee shall have separate and independent access to the management of the Company.

7.4. The Committee shall be provided with sufficient resources to perform its duties.

8. DUTIES

8.1. The duties of the Committee shall include, without limitation, the following:

Relationship with the Company's auditors

8.1.1. 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. Where the Board disagrees with the Committee's decision on the selection, appointment, resignation or dismissal of external auditors, the Company should provide a detailed explanation of the Committee's view and the reasons for the Board's view in the corporate governance report;

8.1.2. to review and monitor periodically the effectiveness, adequacy and scope and results of the external audit, 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;

8.1.3. to develop and implement a 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 engaged by the Company 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;

Review of the Company's financial information

8.1.4. to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and any formal announcements relating to the group's

financial performance and to review significant financial reporting judgements contained in them. In reviewing these materials before submission to the Board, the Committee should focus particularly on:

(a) any changes in accounting policies and practices;

(b) major judgmental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumptions and any qualifications;

(e) compliance with accounting standards;

(f) compliance with the GEM Listing Rules, Section B of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Singapore Exchange**") dealing with the rules of Catalist, as from time to time amended, modified or supplemented (the "**Catalist Rules**") and other legal, statutory and regulatory requirements in relation to financial reporting; and

(g) concerns and issues arising from the audits including any matters which the auditors may wish to discuss in the absence of the management, where necessary, before submission to the Board for approval;

8.1.5. Regarding paragraph 8.1.4 above:

(a) members of the Committee should liaise with the Board and the Senior Management, and the Committee must meet, at least twice a year, with the Company's auditors; and

(b) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and 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;

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

8.1.6. 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 adequacy and effectiveness of the risk management and internal control systems and procedures of the Company (together with its subsidiaries from time to time, "Group") and its subsidiaries (including financial, operational, compliance) and have oversight of the internal control processes of the Group;

8.1.7. 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;

8.1.8. 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;

8.1.9. where an internal audit function exists, to ensure co-ordination between the internal and external auditors, to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor periodically its effectiveness, adequacy and the scope of the internal audit;

8.1.10. to ensure that the internal and external auditors have unfettered access to all documents, records, properties and personnel;

8.1.11. to review the cooperation given by management and officers to the internal and external auditors;

8.1.12. to review and discuss with the Company's internal auditors and external auditors, any issues and concerns arising from the internal audits and our external audits, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the group's financial performance or financial position and the Company's management's response;

8.1.13. to review the financial and accounting policies and practices of the Group;

8.1.14. to review and give its assessment to our board on the chief executive officer and the Group's chief financial officer assurances as to whether the financial records are properly maintained and whether the financial statements give a true and fair view of our Group's operations and finances;

8.1.15. to review half-yearly with management the implementation of internal control recommendations made by the internal and external auditors;

8.1.16. 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;

8.1.17. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

8.1.18. to report to the Board on the matters in this paragraph headed "Duties", in the code provisions in relation to audit committees under Part 2 of Appendix C1 to the GEM Listing Rules, and as recommended in Practice Guidance 10 of the Catalist Rules, as each of them may be amended from time to time;

8.1.19. to consider other topics, as defined by the Board;

8.1.20. to make recommendations to the Board as it deems appropriate on any area within its scope of duties where action or improvement is needed.

Relationships with the employees of the Company

8.1.21. to review the procedures (including the whistleblowing policy and system referred to at paragraph 8.1.18 below) by which the 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;

8.1.22. act as the key representative body for overseeing the Company's relations with the external auditor;

8.1.23. to establish a whistleblowing policy and system for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Group, and ensure that the Company publicly discloses and clearly communicates to its employees, the existence of such whistleblowing policy and system.

Oversight of the Company's corporate governance function

8.1.24. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

8.1.25. to review the adequacy of the guidelines and procedures for future potential interested person transactions;

8.1.26. to review future potential conflicts of interest and setting out a framework to resolve or mitigate any potential conflict of interest, and monitor compliance with such framework;

8.1.27. to review and monitor the training and continuous professional development of directors and the executive management team;

8.1.28. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, including to review the Group's compliance with the Catalist Rules or the GEM Listing Rules, including such amendments made thereto from time to time;

8.1.29. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

8.1.30. to review the Company's compliance with the Corporate Governance Code in Appendix C1 to the GEM Listing Rules and the Corporate Governance Code and disclosure in the corporate governance report.

9. REPORTING PROCEDURES

9.1. Full minutes of the Committee's meetings should be recorded and kept by the Company Secretary and shall be available for inspection at any reasonable time on prior reasonable notice by any Director.

9.2. Draft and final versions of minutes of meetings should be sent to all Committee members for their comments and records, within a reasonable time after such meetings.

9.3. The Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless prohibited by applicable laws and regulations.

10. TERMS AVAILABLE

The Committee shall make available these terms of reference on request and by including them on The Stock Exchange of Hong Kong Limited's website and the Company's website.