

# MATRIX

## MATRIX HOLDINGS LIMITED

美力時集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1005)**

### **Terms of Reference of Audit Committee**

#### **Constitution**

The board of directors (the “Board”) of Matrix Holdings Limited (the “Company”) has constituted and established the audit committee (“Audit Committee” or “Committee”) with authorities, responsibilities and specific duties. The Audit Committee established under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) should have clear terms of reference which shall be amended from time to time pursuant to the Listing Rules. In light of the latest amendments made to the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, the Board has further adopted the following revised terms of reference for the Committee.

#### **Membership**

The members of the Audit Committee shall be appointed by the Board amongst the non-executive directors only. The Committee must comprise a minimum of three members, at least one of whom is an independent non-executive director (“INED”) with appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2) of the Listing Rules. The majority of the Audit Committee members must be INEDs.

The chairman of the Audit Committee shall be appointed by the Board and should be an INED.

A former partner of the Company’s existing auditing firm should be 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 firm; or (b) to have any financial interest in the firm, whichever is later (LR Appendix 14 D.3.2).

#### **Meetings**

Meeting shall be held not less than twice a year. The external auditors may request a meeting if they consider necessary.

The quorum of any Committee meeting shall be two members.

As necessary or desirable, the Committee may invite the group accounting manager and a representative of the external auditors and/or such member of the executive management of the group as they shall deem appropriate to attend the Committee’s meetings. Other Board members shall also have the right of attendance. However, at least twice a year the Committee shall meet with the external and internal auditors (the Committee may consider at least one meeting in the absence of the management).

Meetings and proceedings of the Committee are governed by the provisions of the articles of association of the Company in relation to meetings and proceedings of directors.

The Committee may appoint a secretary from time to time (who should normally be the company secretary).

### **Authorities**

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.

The Committee is authorised by the Board to seek 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**

The Committee shall report back to the Board in writing on their decisions or recommendations within a reasonable time after such decisions or recommendations are made, unless there is legal or regulatory restriction on the Committee to do so. The duties of the Committee shall be:

#### **I. Relationship with the Company's auditors:-**

- (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 terms of engagement of the external auditor, and any questions of its resignation or dismissal (LR Appendix 14 D.3.3(a)).
- (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 Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences (LR Appendix 14 D.3.3 (b)).
- (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 Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed (LR Appendix 14 D.3.3 (c)).

#### **II. Review of the Company's financial information:-**

- (a) 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 to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on (LR Appendix 14 D.3.3(d)):-
  - (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) Regarding (a) above (LR Appendix 14 D.3.3(e)):-

- (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; 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.

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

- (a) 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 (LR Appendix 14 D.3.3 (f));
- (b) 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 (LR Appendix 14 D.3.3(g));
- (c) 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 (LR Appendix 14 D.3.3 (h));
- (d) 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 (LR Appendix 14 D.3.3 (i));
- (e) to review the group's financial and accounting policies and practices (LR Appendix 14 D.3.3 (j));
- (f) 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 (LR Appendix 14 D.3.3 (k));
- (g) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter (LR Appendix 14 D.3.3 (l));
- (h) to report to the Board on the matters in the relevant code provision under the Corporate Governance Code (LR Appendix 14 D.3.3 (m));
- (i) to consider other topics, as defined by the Board (LR Appendix 14 D.3.3 (n));
- (j) to review the whistleblowing policy, system and arrangements under which employees of the Company or those who deal with the Company (e.g. customers and suppliers) can, in confidence and anonymity, raise concerns about possible improprieties in financial reporting, internal control or other matters. 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 (LR Appendix 14 D.2.6 and D.3.7(a));
- (k) to act as the key representative body for overseeing the Company's relations with the external auditor (LR Appendix 14 D.3.7(b)).

#### **Reporting procedure**

Full minutes of the Audit Committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and records within a reasonable time after the meeting (LR Appendix 14 D.3.1).

April 2022

*\*For identification purpose only*