

ASMPT LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0522)

Audit Committee

Terms of Reference

1 December 2022

1. Objectives

The role of the Audit Committee ("**Audit Committee**") of ASMPT Limited (the "**Company**"; together with its subsidiaries, the "**Group**") is to assist the Company's board of directors ("**Board**") in considering how it will apply the applicable financial reporting and internal control principles and in maintaining a collaborative relationship with the external auditors of the Company ("**External Auditors**").

2. Committee Structure

- (a) The Audit Committee is responsible to the Board.
- (b) Members of the Audit Committee are appointed by the Board for a term of not more than three years and is subject to reappointment upon expiry of the term. A member of the Audit Committee who ceases to be a Board member shall immediately and automatically cease to be a member of the Audit Committee.
- (c) Audit Committee members shall comprise non-executive directors only.
- (d) The Audit Committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.
- (e) The Chairman of the Audit Committee is appointed by the Board and must be an independent non-executive director.
- (f) The Company Secretary or his designate shall act as the secretary of the Audit Committee.
- (g) The Company's Chief Financial Officer ("**CFO**") is responsible for preparation of the necessary documentation for discussion at the Audit Committee meetings, liaising between the Audit Committee and the Board or the External

Auditors, attending Audit Committee meetings and answering questions when necessary.

- (h) The quorum for a meeting of the Audit Committee shall be two members of the Audit Committee.

3. Duties and Responsibilities

- (a) To monitor the integrity of the financial statements (audited and unaudited) at least on semi-annual basis, the annual report and accounts, half-year report and, if prepared for publication, quarterly reports, to review significant financial reporting judgments contained in them, and focus on key areas like turnover, profitability, liquidity, changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from audit, the going concern assumptions and any qualifications, compliance with accounting standards, compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and legal requirements in relation to financial reporting, and any other areas which the Audit Committee considers necessary (with the assistance of the CFO), before submission to the Board.
- (b) To consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and 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 review any audited financial statements together with the CFO and the External Auditors, and to approve the submission of the financial statements to the Board for final review and approval.
- (d) To meet with the CFO and the External Auditors at least twice a year to review the Group's financial and accounting policy, practices and standard used to ensure adequate compliance with all necessary rules and regulations.
- (e) To meet with the CFO at least twice per year to review the financial controls, internal controls and risk management systems and procedures of the Company and to discuss with the Management the system of internal controls and ensure that the Management has performed its duty to have an effective internal control system including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function; and if the Audit Committee considers necessary, to call upon any member or members of the Board or Senior Management to conduct further enquiry.
- (f) To review and discuss with the External Auditors and the CFO the contents of the management letter issued by the External Auditors after annual audit, any material queries raised by the External Auditors to the Management about accounting records, financial accounts or systems of control, and to follow up with the CFO for obtaining any responses and remedies required from the Management.

- (g) To ensure that the Board will provide a timely response to the issues raised in the External Auditors' management letter.
- (h) To meet with the CFO and the External Auditors at least once a year to review and discuss the audit standard and the audit service plan before the audit commences so as to monitor the effectiveness of the audit process.
- (i) To call upon the External Auditors any time the Audit Committee considers necessary.
- (j) To report to the Board on any matter the Audit Committee considers necessary, or to consider other topics as defined by the Board.
- (k) To conduct any ad hoc investigation on risk management and internal control matters as requested by the Board or on its own initiative, and to consider the major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and the Management's response to these findings.
- (l) To make recommendations to the Board on the appointment, reappointment and removal of the External Auditors.
- (m) To develop and implement policies on the engagement of the External Auditors to supply non-audit services. For this purpose, "**External Auditors**" 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.
- (n) To review and approve proposals made by the CFO in respect of the annual audit fees, terms of engagement of the External Auditors, and other service fees payable to the External Auditors, and any questions of resignation or dismissal of the External Auditors.
- (o) To review and monitor the External Auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the External Auditors the nature and scope of the audit and reporting obligations before the audit commences.
- (p) To ensure co-ordination between the Internal Auditors 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.
- (q) To review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal controls 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.

- (r) To act as the key representative body for overseeing the Company's relations with the External Auditors.
- (s) The Audit Committee can write to the Management for any information requirement to allow it to discharge any of its duties and responsibilities.

4. Meeting Procedure

- (a) The Chairman of Audit Committee can call a meeting whenever he considers necessary.
- (b) The CFO, supported by the secretary of the Audit Committee, is responsible to provide all necessary documentation and information requirement for the meeting at least four days before the meeting.
- (c) In the event of an equality of votes, the Chairman of the Audit Committee shall have a casting vote.
- (d) The meetings and proceedings of the Audit Committee shall be governed by the provisions contained in the Company's Articles of Association for regulating the meetings and proceedings of the Directors, in so far as the same are applicable thereto and are not superseded by the express provisions of these Terms of Reference, and full minutes are to be taken and recorded.

5. Effectiveness

These Terms of Reference were approved and adopted by the Board on 1 December 2022, and supersede any previous Terms of Reference relating to the Audit Committee.

* * * * *