



# Media Asia Group Holdings Limited

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

## TERMS OF REFERENCE OF AUDIT COMMITTEE

These terms of reference of the audit committee (the “**Committee**”) of Media Asia Group Holdings Limited (the “**Company**”) were last revised by the board of directors of the Company (the “**Board**”) on 8 June 2016 and have been updated to include the relevant amendments to the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in force as from 1 January 2016.

### Constitution

1. The Board resolved on 21 May 2001 to establish the Committee with such terms of reference as may be adopted or revised by the Board from time to time.

### Membership

2. The members of the Committee shall be appointed by the Board from amongst the non-executive Directors of the Company and must comprise a minimum of three members. The majority of the members must be independent non-executive Directors and at least one of whom is an independent non-executive Director with appropriate professional qualifications as required under the GEM Listing Rules from time to time.
3. A former partner of the Company’s existing auditing firm should be prohibited from acting as a member of the Committee for a period of 1 year from the date of his ceasing:
  - (a) to be a partner of the firm; or
  - (b) to have any financial interest in the firm,whichever is later.
4. If there are only three members, not less than two members, one of whom must be an independent non-executive Director, shall form a quorum. In cases where membership exceeds three, the majority, who must be independent non-executive Directors, shall form a quorum.
5. The chairman of the Committee shall be appointed by the Board and must be an independent non-executive Director.

### **Attendance at meetings**

6. The Chief Financial Officer and/or the Financial Controller shall normally attend meetings. Other Board members shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditors without executive Board members present.
7. The Company Secretary or his delegate who possesses appropriate qualifications and experience shall be the secretary of the Committee.

### **Frequency of meetings**

8. Meetings shall be held not less than four times a year. The external auditors may request a meeting if they consider that one is necessary.

### **Annual general meetings**

9. The chairman of the Committee or, in his absence, another member of the Committee shall attend the Company's annual general meeting and be prepared to answer questions at the annual general meeting.

### **Authority**

10. 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 requests by the Committee.
11. 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 if it considers this necessary.

### **Duties**

12. The duties of the Committee shall be:

#### *Relationship with the Company's external auditors*

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of their resignation or dismissal;
- (b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and to discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on engaging external auditors (including any entity that is under common control, ownership or management with the audit firm) to supply non-audit services. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

- (d) to act as the key representative body for overseeing the Company's relations with the external auditors;

*Review of the Company's financial information*

- (e) to monitor integrity of the Company's financial statements and the annual reports and accounts, half-year reports and quarterly reports, and to review significant financial reporting judgments contained in them before submission to the Board, focusing 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 GEM Listing Rules and legal requirements in relation to financial reporting;
- (f) regarding (e) 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 external 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 and 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 the external auditors;

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

- (g) to discuss problems and reservations arising from the interim review and final audits, and any matters that the external auditors may wish to discuss (in the absence of management where necessary);
- (h) to review the external auditors' management letter, any material queries raised by the external auditors to management about the accounting records, financial accounts or systems of control and management's response;
- (i) to review the Company's financial controls, risk management and internal control systems;

- (j) where an internal audit function exists, to review the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (k) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (l) 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;
- (m) to review the financial and accounting policies and practices of the Company and its subsidiaries;
- (n) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- (o) 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 to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

*Corporate governance functions*

- (p) to develop, review and make recommendations to the Board and monitor the implementation of the Company's policies and practices on corporate governance;
- (q) to review and monitor the training and continuous professional development of directors and senior management of the Company;
- (r) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (s) to develop, review and monitor the compliance of the code of conduct and compliance manual (if any) in relation to corporate governance matters applicable to directors and employees of the Company;
- (t) to review the Company's compliance with the corporate governance code and corporate governance report set out in Appendix 15 to the GEM Listing Rules as amended from time to time and the relevant disclosures on corporate governance to be contained in the Company's interim and annual reports;
- (u) to report to the Board on the matters set out in these terms of reference; and
- (v) to consider other topics, as defined by the Board.

### **Reporting procedures**

13. Full minutes of the Committee meetings should be kept by the secretary of the Committee.

The secretary shall circulate the minutes of the Committee meetings to all members of the Committee for their comment and records as soon as practicable.

### **Publication of the terms of reference**

14. These terms of reference of the Committee shall be made available to the public by posting on the GEM website and the Company's website.