

MTAG GROUP BERHAD (1262041-V)
(“MTAG” or “Company”)

AUDIT COMMITTEE
TERMS OF REFERENCE

I. PURPOSE

The Board of Directors of the Company (“Board”) has established a committee of the Board known as Audit Committee (“AC” or “Committee”) to assist the Board in discharging its roles and responsibilities as set out below in its Terms of Reference, which is a requirement under the MCGG and Paragraphs 15.11 and 15.12 of the AMLR.

The Terms of Reference will not only help the Committee members to focus on their roles and responsibilities but the disclosure of such will also enable shareholders to be apprised of the roles and responsibilities of the Committee

II. ROLES AND RESPONSIBILITIES

The primary roles and responsibilities of the Committee with regards to the MTAG are as follows:

- (i) To review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (ii) To review and approve our quarterly and annual financial statements for recommendation to our Board, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (iii) To review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group; and
- (iv) To perform such other functions as may be requested by our Board.

III. MEMBERS AND CHAIRMAN

1. The Committee shall consist of at least three (3) members all of whom shall be appointed by the Board amongst its Directors. The Committee shall comprise exclusively of Non-Executive Directors, with a majority being Independent Non-Executive Directors.

2.
 - a) The Committee shall have at least one (1) member of the Malaysian Institute of Accountants (“MIA”); or
 - b) If the member of the Committee is not a member of the MIA, he must have at least three (3) years’ working experience and:
 - i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - iii) fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).
3. A former key audit engagement partner of the external auditors of the Company must first observe a cooling-off period of at least two (2) years before he/she being appointed as a member of the AC (as defined in Note 5 to Practice 8.2 of the MCCG).
4. The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director and shall not be the Chairman of the Board. In the absence of the Chairman and/or a deputy appointed by the Board in any meeting, the remaining members present shall elect one (1) of themselves to chair the meeting.
5. All members of the Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Committee cease to be a Director of the Company, his membership in the Committee will cease forthwith.
6. No Alternate Director of the Board shall be appointed as a member of the Committee.
7. The terms of office and performance of the Committee and each of its members shall be reviewed by the Nominating and Remuneration Committee annually.
8. All members of the AC should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

IV. MEETINGS

1. The AC shall meet regularly and hold at least four (4) meetings in a year. In addition, the Chairman of the Committee may call for additional meetings at any time at his/her discretion.
2. To form a quorum in respect of a meeting, the majority of the Committee’s members present must be Independent Non-Executive Directors.

3. The Chairman of the AC shall chair the Committee's meetings. If he is not present at any meeting within fifteen (15) minutes of the time appointed for holding the same, the members of the AC present shall choose one of their number who shall be an Independent Non-Executive Director to be the chairman of the meeting.
4. Other Directors and employees may attend any particular meetings upon the invitation of the AC. The AC shall convene meetings with the External Auditors ("EA") or the Internal Auditors ("IA") or both, without the attendance of executive Board members or employees, whenever deemed necessary and such meeting shall be held at least once a year with the EA.
5. The minutes of the AC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
6. A resolution in writing, signed by all members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members.

V. REPORTING

The Committee, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

VI. SECRETARY

The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman of the Committee, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting and shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

The minutes of the Committee, when approved by the Committee and signed by the Chairman of the Committee, should be circulated to the Board.

VII. REVIEW

The Terms of Reference of the Committee has been approved by the Board on 24 October 2018.