MMAG HOLDINGS BERHAD
[Registration No. 200301007003 (609423-V)]

AUDIT AND RISK MANAGEMENT COMMITTEE

TERMS OF REFERENCE

1. Objective

The objective of the Audit and Risk Management Committee (the "**Committee**") is to assist the Board in overseeing the integrity of the Company's corporate accounting, financial reporting practices, the effectiveness of the risk management framework, and the state of internal controls, the audit processes and the process for monitoring compliance with applicable laws and regulations of MMAG Holdings Berhad ("**MMAG**") and its subsidiaries (collectively known as "**MMAG Group**" or the "**Group**") as well as such other matters, which may be specifically delegated to the Committee by the Board from time to time. This delegation of authority enables the Committee to provide reasonable assurance to the Board and stakeholders regarding the Company's ability to manage risks, safeguard assets, and enhance shareholder value.

2. Membership

The Board from among its members shall appoint the Committee that fulfils the following requirements:-

(a) The Committee must consist of no fewer than 3 members, exclusively non-executive directors.

(b) A majority of the Committee members must be independent directors.

(c) All members of the Committee should be able to read, analyse and interpret financial statements. At least one of them:-

  (i) must be a member of the Malaysian Institute of Accountants; or

  (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-

    (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

    (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

  (iii) fulfils such other requirements as prescribed or approved by the Exchange.
  Note:
  "Other requirements as prescribed by the Exchange" is explained in item 7 of the Guidance Note 9 as "Requisite Qualifications" as follows:-

    (aa) either one of the following qualifications and at least 3 years post qualification experience in accounting or finance:-

      (i) a degree/masters/doctorate in accounting or finance; or

      (ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or

    (bb) at least 7 years experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

2. Membership (Cont'd)

(d) The members of the Committee shall elect a Chairman among their number who shall be an independent director.

(e) No alternate director is appointed as a member of the Committee.

(f) If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new member as may be required to make up the minimum number of 3 members.

(g) To observe a cooling-off period of at least three years before the appointment of a former key audit partner to the Committee.

3. Meetings

Meetings shall be held as and when the Committee deems necessary.

A minimum of two members present shall form a quorum, both of whom present shall be Independent Non-Executive Directors. In the event that the Chairman is unable to attend a meeting, a member of the Committee shall be nominated as Chairman of the meeting. The nominated Chairman shall be an Independent Director.

The Committee may invite the Managing Director, other Executive/Non-Executive Directors and the respective head of division to the meeting to brief the Committee on issues that are incorporated into the agenda.

4. Authority

The Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:-

(a) have authority to investigate any matter within its terms of reference;

(b) have adequate resources and unrestricted access to any information from both internal and external auditors and all employees of the Group in performing its duties;

(c) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(d) be able to obtain external legal or other independent professional advice and to invite outsiders with relevant experience to attend, if necessary; and

(e) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

5. Duties and Responsibilities

The duties and responsibilities of the Committee shall be:-

(I) External Audit

(a) To review and recommend the appointment of external auditors, the audit fee and any questions of resignation or dismissal including the nomination of a person or persons as external auditors;

(b) To review the competency, professionalism, independence and capability of the external auditors;

(c) To review with the external auditors, the audit plan and audit report;

(d) To review with the external auditor, his evaluation of the system of internal controls;

(e) To review the assistance given by the employees of the Company to the external auditor; and

(f) To review whether there is reason (supported by grounds) to believe that the listed company's external auditor is not suitable for re-appointment

(II) Internal Audit

a) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work, which should be performed professionally and with impartially and proficiency;

b) To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function; and

c) Approve the appointment or termination of the internal auditors

(III) Financial Reports and Related Party Transactions

(a) To review the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:-

(i) changes in or implementation of major accounting policy changes;

(ii) significant and unusual events; and

(iii) compliance with accounting standards and other legal requirements;

(b) To review any related party transaction and conflict of interest situation that may arise within the listed company or group including any transaction, procedure or course of conduct that raises questions of management integrity;

5. Duties and Responsibilities (Cont'd)

(IV) Risk Management and Internal Control

(a) To evaluate the overall adequacy and effectiveness of the system of internal controls and risk management framework, including information technology controls; and

(b) To review and assess the Group's level of risk appetite and risk tolerance;

(c) To review the enterprise risk management framework, policies and process, including identifying, managing, monitoring and mitigating the significant risks of the Group, and recommend to the Board for approval;

(d) To review significant risks identified (including operational, financial, regulatory compliance, sustainability and reputational risks) and assess the mitigating actions put in place to manage these risks;

(e) To review the adequacy of resources for managing the risk management and internal controls framework; and

(f) To report to the Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board

(V) Other Matters

(a) To verify the allocation of options pursuant to a share scheme for employees at the end of each financial year, if any; and

(b) To consider any other matters as directed by the Board.