



## **MAIN EVENT ENTERTAINMENT GROUP LIMITED**

### **AUDIT COMMITTEE TERMS OF REFERENCE**

#### **PURPOSE**

The Committee ("the Committee") is established for the primary purpose of assisting the Board of Directors in the oversight of the:

- i) Reliability and integrity of the Company's accounting principles and practices, financial statements and other financial reporting/financial reporting process;
- ii) Performance of the Internal Audit functions of the Company;
- iii) Risk management functions and processes of the Company
- iv) Qualifications, independence and performance of the external auditors of the Company;
- v) System of internal controls and procedures established by Management and reviewing their effectiveness; and
- vi) Company's compliance with legal and regulatory requirements.

#### **2. COMPOSITION**

The Committee shall be appointed by the Board of Directors of the Company and shall comprise of no more than 5 nor less than 3 members the majority of whom shall be independent non-executive directors, that is, these members should not have a significant ownership, employment, or relationship with the Company or its associated companies. The company Chairman may be a member of, but not chair the committee. The board shall appoint the committee chairman. In the absence of the committee chairman and/or an appointed deputy at a committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

The board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience. However, a member of the Committee with recent and relevant financial experience shall have no duties, obligations, or liability greater than that borne by a member of the Committee without such experience.

### 3. **RESPONSIBILITIES**

The duties of the Committee shall include the following:

#### (A) Financial Reporting

- i) To monitor the integrity of the financial statements of the Company including its annual and quarterly reports, interim management statements, review significant financial reporting issues and judgments which they contain.
- ii) To review the unaudited and audited financial statements of the company including the accompanying reports and related regulatory filings and such other reports, transactions or matters as may determine, and, as the Committee sees fit, and recommend the same for adoption by the Board of Directors;
- iii) To review the Company's operating, financial and accounting policies and practices;
- iv) To review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on financial reports.
- v) To review with management and the external auditors the results of the audit, including any difficulties encountered.
- vi) To commission any special investigations concerning matters relating to the Company's Financial Statements

#### (B) Internal Control

- i) To review the Company's system of internal financial control (including financial, operational, compliance, information systems and risk management) and make recommendations to the Board;
- ii) To meet with the Company's Auditors at least once in every year and more often as required to discuss the Annual Audited Financial Statements and other audits of the Company;
- iii) To monitor and review the effectiveness of the company's internal audit function; To meet with the Chief Audit Executive or other officer or employee acting in similar capacity and other members of management as appropriate of the Main Event Entertainment Group Limited or other officer or employee acting in a similar capacity and with other members of management to discuss the effectiveness of the internal control procedures established;
- iv) To meet with the Chief Risk Officer of the Company or other officer or employee acting in similar capacity and other members of management as appropriate to review the Company's risk assessment and risk management policies and procedures and the major financial and other risks and exposures affecting the Company and to ensure the monitoring and control of such risks and exposures.

#### (C) External Audit

- i) To make recommendations to the Board for the appointment, remuneration, reappointment or termination of the appointment of the external auditors and to review and evaluate their performance;
- ii) To review with the external auditors the scope of their audit and to review the audit plan of the external auditors and to recommend it to the Board;
- iii) To review the external auditors' management letter and management's response;
- iv) To review any significant findings made by the external auditors and managements' proposed response, and ensure that steps are taken to address these findings;
- v) To consider the independence and objectivity of the external auditors and any potential conflicts of interest, and to monitor the effectiveness of the audit process generally
- vi) To review policies for the provision of non-audit services by the external auditor and, where applicable, the framework for the pre-approval of audit and non-audit services;
- vii) To oversee the resolution of disagreements between management and the independent auditor regarding financial reporting.

(D) Internal Audit

- i) To monitor and review the effectiveness of the internal audit function in the context of the Company's overall risk management system. Where there is no internal audit function, the Audit Committee should consider annually whether there is a need for an internal audit function and make a recommendation to the board, and the reasons for the absence of such a function should be explained in the relevant section of the annual report.
- ii) The Audit Committee shall:
  - a. Review the proposed internal audit plan for the coming year and ensure that it addresses key areas of risk and that there is appropriate co-ordination with the external auditor, and to recommend the internal audit plan to the Board.
  - b. Consider the effectiveness of the company's risk management and internal control system, including information technology security and control.
  - c. Review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement
  - d. Meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right to direct access to both the Chairperson of the Board and the Committee and any member of the Committee;
  - e. To ensure that significant findings and recommendations made by the internal auditors and management's proposed response are received, discussed and appropriately acted on;

- f. review the company's internal financial controls and risk management systems;
- g. To approve the appointment of or any changes in the appointment or removal of the Chief Audit Executive or other officer or employee acting in similar capacity.
- h. To ensure that the Chief Audit Executive or other officer or employee acting in similar capacity and other members of management as appropriate has direct access to the Board Chairman and the Committee.

(E) Compliance

- i) To obtain regular updates from the Chief Audit Executive or other officer or employee acting in similar capacity and other members of management as appropriate regarding compliance matters that may have a material impact on the Company's financial statements or compliance policies;
- ii) To review Management reports of any regulatory examinations or audits and correspondence with regulators or government agencies which raise material issues regarding the Company's financial statements, accounting policies and practices, risk management practices or compliance with laws and regulations affecting the businesses within the Company and to ensure that steps are taken to address all weaknesses detected;
- iii) The Chief Executive Officer or the Chief Operating Officer and the Chief Financial Officer should disclose as they arise and in any event at least quarterly to the Committee significant deficiencies that could impact the Company's financial statements and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;
- iv) To keep abreast of regulatory changes and other emerging issues.

(F) Other assigned functions

- (i) To undertake on behalf of the Main Event Entertainment Group Limited Chairman or the Board such other related tasks as such Chairman or the Board may from to time entrust to it.
- (ii) To monitor the Code of Ethics and Guidelines for Business Conduct for appropriateness and compliance annually.

#### **4. WHISTLEBLOWER COMMUNICATIONS**

The Audit Committee shall:

- (i) Review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters to include:

- (a) procedures for the receipt, retention and treatment of complaints or information from employees regarding accounting, internal accounting controls or auditing matters
  - (b) procedures for the anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (ii) Review the Company's procedures for detecting fraud
  - (iii) Review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance

The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

#### **5. Continued Education and Self Evaluation**

The Board of Directors should ensure that there are company-specific educational programmes that are developed and conducted in-house for members of the Audit Committee. The members of the Audit Committee should attend at least one company-specific in-house educational training per the Company's financial year. The Audit Committee should attend general educational programmes put on by Regulatory agencies, Accounting bodies and other professional bodies.

The Committee may carry out annual self-examinations aimed at determining whether it has fulfilled its responsibilities. In so doing it may also seek input from the full Board of Directors, Internal and External Auditors.

#### **6. SECRETARY**

The Company Secretary or his/her nominee shall act as the Secretary of the Committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

#### **7. FREQUENCY OF MEETINGS**

The Committee shall meet at least four (4) times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

Outside of the formal meeting programme, the Committee Chairman, and to a lesser extent the other committee members, will maintain a dialogue with key individuals involved in the company's governance, including the board chairman, the Chief Executive Officer, other Executives, the external audit lead partner and the head of internal audit.

#### **8. QUORUM**

The quorum necessary for the transaction of business shall be three (3) directors.

#### **9. REPORTS TO THE BOARD OF DIRECTORS:**

The Committee Secretary shall circulate the minutes of meetings of the Committee and its sub-committees to all members of the Board.

#### **10. AUTHORITY**

The Audit Committee is authorized to:

- i) Conduct or authorize investigations into any matters within its scope of responsibility;
- ii) Resolve any disagreements between management and the auditor regarding financial reporting;
- iii) Pre-approve all auditing and non-audit services provided by the external auditor;
- iv) Retain independent professional advisors to advise the committee or assist in the conduct of an investigation;
- v) Seek any information it requires from employees of the company in order to perform its duties;
- vi) Meet with company officers, external auditors, or outside counsel, as necessary;
- vii) Monitor the activities of the internal audit ensuring its objectivity and independence in the performance of its duties;
- viii) Ensure the internal audit function reports to the board through the Audit Committee;

#### **11. REVIEW OF THE TERMS OF REFERENCE AND ACTIVITIES:**

The Committee shall review, at least every two year, its terms of reference and its own effectiveness and recommend to the Board any changes it may consider necessary. Where the Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on action needed to address the issue or to make improvements.

The Board may from time to time make any changes it deems necessary to the Committee's Terms of Reference and issue such guidelines as it may deem necessary.

Approved by the Board of Directors of Main Event Entertainment Group Limited on October 23, 2019.

POLICY HISTORY	DATES		
	Version	Released	Reaffirmed
1	October 23, 2019		
2			
3			
4			
5			