



**TERMS OF
REFERENCE AUDIT
AND RISK
MANAGEMENT
COMMITTEE**

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1. OBJECTIVES

The objective of this terms of reference is to ensure that all members of the Audit and Risk Management Committee (the “Committee”) are aware of their duties and responsibilities, where the relevant legislation, principles and practices of good Corporate Governance are applied, to assist the Board in discharging their duties and responsibilities to safeguard the Company’s assets, manage the overall risk exposure of the Group, maintain adequate controls and integrity of financial statements, develop and maintain effective systems of internal control, fraud prevention measures, with the overall objective of ensuring that Management creates and maintain an effective risk management system in the Group. The Committee also provides a channel of communication between the Board of Directors, Management, External Auditors and Internal Auditors.

2. COMPOSITION

The Committee comprises at least three (3) members and all members must be Non- Executive Directors, with the majority of whom being independent, including the Chairman. Any vacancy, resulting in there being no majority of Independent Directors or the number of members reduced to below three (3), shall be filled within three (3) months. All members of the Committee shall be financially literate and at least one (1) member:-

- i) must be a member of the Malaysian Institute of Accountants (“MIA”), or
- ii) if he is not a member of the MIA, he must have at least 3 years’ working experience and
 - must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - must be a member of one of the association 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.

No alternate director shall be appointed as a member of the Audit and Risk Management Committee.

A former key audit partner must observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit and Risk Management Committee.

The terms of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually. However, the appointment terminates when a member ceases to be a director.

The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the Committee.

3. AUTHORITY

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 employees and all employees are directed to co-operate with any request made by the Committee. The Committee shall also have the authority to consult independent experts where they consider it necessary to carry out their duties.



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4. MEETING

The Committee shall meet at least four (4) times a year or at such additional meetings as the Chairman shall decide to fulfill its duties. The Secretary of the Committee shall be responsible, in conjunction with the Chairman, for drawing up the agenda and notice, circulating the notice of meetings together with the supporting explanatory documentation to the Committee before each meeting.

At least seven (7) days' notice of a meeting of the Committee shall be given to all Committee Members in writing at his last known address or other address given by him/her for that purpose. The Committee Members may meet on shorter notice and waive notice of any meetings as they deem necessary subject to the consent and agreement of all Committee Members.

A quorum shall consist of at least two (2) members, the majority of members present must be Independent Directors.

Questions arising at any meeting shall be determined by a majority of votes of the Members present.

The External Auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so.

The non-member Directors and employees of the Company and of the Group shall normally attend the meetings at the Committee's invitation, to assist in its deliberations and resolutions of matters raised. However, at least twice a year, the Committee should meet with the External Auditors without the presence of the executive board members and employees.

The Internal Auditors shall present and discuss the internal audit reports and other related matters.

A resolution in writing signed or approved via letter, telex, email or facsimile by a majority of the Committee members, who are the independent Directors, shall be effective for all purposes of a resolution passed at a meeting of the Committee and deemed duly convened, held and constituted. Any such resolution may be contained in a single document or may consist of several documents all in the like form signed by one or more members.

For the avoidance of doubt, resolution transmitted by any technology purporting to include a signature and/or electronic or digital signature of the Committee members, shall in the absence of express evidence to the contrary available to the person relying on such resolution at the relevant time, be deemed to be a resolution signed by such Committee members in the terms in which it is received.

The Secretary will also be responsible for keeping the minutes of the meetings of the Committee and circulating them to committee members and to other members of the Board of Directors. The books containing the Minutes of proceedings of the Committee shall be kept by the Company at the Registered Office of the Company subject to the provisions of the Companies Act, 2016, relating to the keeping of Minutes of the Board of Directors and any Committee of the Board of Directors.



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5. FUNCTIONS

5.1 Audit

5.1.1 To review the following and report the same to the Board of Directors:

- with the External Auditor:
 - the audit plan;
 - evaluation of the system of internal control and in particular review the external auditor's management letter and management's response;
 - the issues and reservations arising from audits;
 - the audit report; and
 - any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's and the Group's operating results or financial position, and Management's response;
- with the Internal Auditors:
 - the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work; and
 - the internal audit plan of the work 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 according to the relevant regulatory framework;
- the assistance given by the employees to the External and Internal Auditors;
- the quarterly results and year-end financial statements, before the approval by the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policy;
 - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - going concern assumption;
 - major risks areas; and
 - compliance with accounting standards, regulatory and other legal requirements;
- any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct in determining the terms of recurrent related party transaction and that raises questions of management integrity;
- any proposal of dividend and solvency declaration of the Company;
- any audit committee report before disclosure in the annual report;
- any disclosure in financial results and annual reports of the Company inline with the principles and spirit set out in the Malaysian Code of Corporate Governance (MCCG), other applicable laws, rules, directives and guidelines;
- any MCCG gap analysis and evaluate the next step therefrom;
- any letter of resignation from the external auditors; and
- whether there is a reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.



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- 5.1.2 To consider and recommend for approval of the Board on the nomination, appointment and re-appointment of External Auditors; any questions on resignation, suitability and dismissal, including but not limited to the annual assessment of the external auditors based on observations, professionalism, technical expertise, independence of the external auditors and the firm's resources.
- 5.1.3 To consider and recommend for approval of the Board the audit fee of the External Auditors.
- 5.1.4 To conduct the appraisal of the performance of the internal audit function including but not limited to their qualification, the function is carried out per a recognise framework and any matter concerning their appointment and termination.
- 5.1.5 To verify the allocation of share options to the Group's eligible employees in compliance with the criteria set out in the By-Laws of the Company's Employees' Share Option Scheme, at the end of each financial year (if applicable).

5.2 Risk Management

- 5.2.1 Review and monitor the Group's risk management framework and activities;
- 5.2.2 Report to the Board regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's views on the acceptable and appropriate level of risks faced by Group;
- 5.2.3 To review and discuss with Top Management and Internal Auditor, on an annual basis or as and when deemed necessary particularly on: -
- oversee the Management's activities in managing the Group's potential critical risks relating to strategic, financial, operational, legal and other risks.
 - the key guidelines, strategies and policies governing the Group's significant processes for risk assessment and risk management, the mitigating measures and updates;
 - the validity of the identified risks and ensuring that appropriate actions are taken to mitigate the risks are performed continuously;
 - assist the Board to fulfil its corporate governance, risk management and statutory responsibilities to manage the overall risk exposure of the Group.
 - the adequacy of infrastructure, resources and system are in place for risk management, the staff responsible for implementing risk management system perform those duties efficiently and effectively;
 - the periodical risk rating report and risk management activities.
 - the sustainability strategy, process and matters identification and ensuring the adequacy of the resources and competency of the assurance functions;
 - the overall management of stakeholder engagement; and
 - the report on major litigation, claims and/or issues with substantial financial impact (if any).

The above functions and duties are in addition to such other functions as may be agreed to from time to time by the Committee and the Board.

6 REVIEW OF THE TERMS OF REFERENCE

The Terms of Reference of Audit and Risk Management Committee shall be reviewed by the Board annually to ensure the Committee remains consistent with the Company's objectives and Board's responsibilities and in line with the relevant laws and legislations.