

**Revised Terms of Reference adopted by the Directors at the Ninety-Ninth Board of Directors' Meeting held on 27 May 2019.**

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

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**OBJECTIVES**

- a) Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities for examination of the Group and Company and in monitoring its accounting and financial reporting practices.
- b) Determine that the Group and Company have adequate administrative, operational, and internal accounting controls and that the Group and Company are operating in accordance with its prescribed procedures and codes of conduct.
- c) Serve as an independent and objective party in the review of the financial information presented by management for distribution to shareholders and the general public.
- d) Provide direction and controls over the internal audit function and the External Auditors. The Audit and Risk Management Committee has the right to meet the External and/or the Internal Auditors without the presence of the Executive Directors and the Management Team.

**COMPOSITION**

The committee shall be appointed by the Board and shall consist of:-

- a) Not less than three (3) members all of whom must be Non-Executive Directors with a majority of Independent Directors;
- b) At least one (1) member of the Audit Committee must fulfill the following requirements:-
  - 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 three (3) years' working experience; and
    - Must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
    - 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) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- c) No alternate director shall be appointed as a member of the Audit Committee.

In the event of any vacancy in an audit committee resulting in the non-compliance of the above, the Company must fill the vacancy within three (3) months.

The Chairman of the committee shall be an Independent Non-Executive Director appointed by the Board.

## **FREQUENCY OF MEETING**

The committee holds at least four (4) meetings a year and additional meetings may be called at any time by the Chairman upon the request of the external or internal auditors or at the Chairman's discretion. The quorum shall be two (2) members, whom must be Independent Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from among the members present.

The committee may, as and when deemed necessary, invite other Board Members, senior management personnel, a representative of the internal and external auditors and external professional advisers to attend the meetings.

The notice of the Audit and Risk Management Committee meetings shall be given to all the members and any other persons who may be required to attend at least seven (7) days prior to the meetings.

Questions arising at any meeting of the committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the committee shall have a second or casting vote.

The Company Secretary shall act as Secretary of the committee. Minutes of each meeting shall be recorded by the Secretary and must be signed by the Chairman of the meeting as evidence that the meeting was duly convened and held. The minutes of each meeting together with attendance sheet shall be kept at the registered office and distributed to each members.

A resolution in writing signed or approved by letter, facsimile or any electronic means by a majority of the Audit and Risk Management Committee members, shall be as valid and effectual as if it is passed at a meeting of the Audit and Risk Management Committee duly convened and held. Any such resolution may consists of several documents in like form, each signed by one or more members.

## **AUTHORITY**

The Audit and Risk Management 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 cooperate with any request made by the Audit and Risk Management Committee.

The Audit and Risk Management Committee is authorised by the Board to have direct communication channels with the external auditors and internal auditors.

The Audit and Risk Management 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.

## FUNCTIONS AND RESPONSIBILITIES

The duties and functions of the Committee shall be:-

- a) To consider and recommend the appointment of the External Auditors, audit fees, non-audit professional services and question on any resignation or dismissal of the External Auditors before making recommendation to the Board;
- b) To discuss with the External Auditor before the audit commences the nature and scope of the audit and to ensure coordination where more than one audit firm is involved;
- c) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-
  - i) Changes in or implementation of major accounting policy changes;
  - ii) Significant matter highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
  - iii) Compliance with accounting standards requirements; and
  - iv) Compliance with stock exchange and legal requirements.
- d) To discuss problems and reservations arising from the interim and final audits, the evaluation and findings of the system of internal controls and matters the External Auditors may wish to discuss (in the absence of management where necessary). To also obtain oral/written confirmation from the External Auditors on the status of their independence and whether the Management Team had given its full support and unrestricted access to information;
- e) To keep under review the effectiveness of internal control systems, in particular, review the External Auditor's management letter and management's response;
- f) To review any related party transaction and conflict of interest situation that may arise in the Group or Company including any transaction, procedure or course of conduct that raise questions of management integrity;
- g) To review the adequacy of the scope, functions and resources of the internal audit functions and that the internal auditor has the necessary authority to carry out its work;
- h) To review the internal audit programme, process, the results of the internal audit programme and process or investigation undertaken and whether or not appropriate action is taken by the management on the recommendations of the internal audit function;
- i) To review the audit reports with the auditors;
- j) To establish risk management framework, policies and procedures;
- k) To implement and maintain a sound system of risk management and internal control which identifies, assesses, manages and monitors significant risks;
- l) To review the effectiveness of risk management framework and the risk management processes;
- m) To review the Statement on Risk Management and Internal Control; and
- n) To consider other related matters, as defined by the Board.