



## **AUDIT & RISK MANAGEMENT COMMITTEE**

### **COMPOSITION OF THE COMMITTEE**

LEE KAY LOON	- Chairman / Independent Non-Executive Director
WAN AZFAR BIN DATO'WAN ANNUAR	- Member / Independent Non-Executive Director
DATO'HAJI WAZIR BIN HAJI MUAZ	- Member / Non- Independent Non-Executive Director

### **TERMS OF REFERENCE**

#### **1.0 OBJECTIVES**

The primary objective of the Committee is to assist the Board of Directors (Board) in fulfilling its fiduciary responsibilities relating to the corporate accounting and reporting practices of the Company and its subsidiary companies. In addition, the Committee shall :-

- a) Promote integrity and accountability of the operation within the group towards safeguarding the rights and interests of shareholders and investors.
- b) Oversee and appraise the quality of the audit conducted by the Company's external Auditors.
- c) Contribute towards improving the group operations and business efficiency, strengthen public confidence in the accuracy of accounting & audit function and transparency in the Group's reported financial results.
- d) Maintain a direct line of communication between the Board of Directors, the external Auditors and the Internal Auditors through regular meetings.
- e) Ensure the independence of the external and internal audit functions.
- f) Review regularly the adequacy of the Group's administrative, operating and accounting controls.
- g) Ensure the Risk Management Structure is embedded in all operating companies of the Group and is responsive to changes in the business environment.
- h) Ensure the Risk Management Structure adopted is consistent throughout the Group and is within the parameters established by the Board.
- i) Ensure the Risk Management Structure adopted is in compliance with the requirements of Bursa Malaysia and the Securities Commission.

## **2.0 COMPOSITION**

The Committee shall be appointed by the Board from amongst their members and shall be composed of at least three (3) and not more than five (5) members who shall:-

- a) be Non-Executive Directors of the Company, a majority of whom are independent.
- b) not comprise persons having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the functions of the Committee.

One member of the Committee shall be appointed Chairman by the Board. In the absence of such an appointment, one of the independent members shall be elected as Chairman by the Committee members.

Where the composition of the Committee is reduced to less than three members for any reason, the Board shall within three months of the event appoint such number of new members as may be required to make up the minimum number of three members.

At least one member of the Committee must meet the criteria set by the Main Market Listing Requirements of Bursa Malaysia, that is :-

- a) must be a member of the Malaysian Institute of Accountants, or
- b) if not a member of the Malaysian Institute of Accountants, must have at least three years' working experience, and
  - (i) must have passed the examination specified in Part 1 of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - (ii) must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967.

An assessment shall be conducted on the members of the Committee by the Board to determine whether the Committee has carried out its duties and responsibilities in accordance with its terms of reference.

No alternate director shall be appointed to the Committee.

## **3.0 AUTHORITY**

The Committee is authorised by the Board to investigate any activity within its terms of reference. It has free access to all information and documents it requires from all employees, the group's properties, books, accounts, records and other information of the group in whatever form for the purpose of discharging its responsibilities.

The Committee is to have direct communication channels with the external and internal auditors and may obtain outside legal or other independent professional advice as it considers necessary.

## **4.0 DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee shall be :-

- a) To review :-
  - the financial statements and annual reports prior to recommending acceptance or otherwise by the Board.

- the Group's quarterly results prior to recommending acceptance or otherwise by the Board.
  - the compliance with and adequacy of the guidelines and procedures established to monitor Recurrent Related Party Transactions (RRPTs).
  - the planning, scope and area of internal and external audits and their respective audit findings.
  - the adequacy and effectiveness of the systems of internal control and the risk management function of the group
- b) to review the appointment of the external Auditors, the Head of Internal Audit and their respective remuneration.
- c) to meet the external and internal auditors at least twice an year in the absence of the Executive Directors, the CEO and senior management to discuss issues or reservations arising from the audits and any other matters that the auditors may wish to present for the attention of the Committee, where necessary.
- d) to report to the Board of its compliance with laws and regulations, related party transactions, code of ethics, material activities, significant results and findings from internal and external audit, internal control, corporate governance and risk management functions.
- e) to undertake such other responsibilities as may be decided by the Board.

## **5.0 MEETINGS**

- a) The Committee shall meet at least four times a year.
- b) In addition, the chairperson shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

## **6.0 ATTENDANCE**

- a) Meetings shall be attended by the Executive Directors, the Head of Internal Audit, and a representative of the external auditors.
- b) Other participants may be invited from time to time to attend the meetings.

## **7.0 QUORUM**

A quorum shall consist of two members, both being independent non-executive directors.

## **8.0 SECRETARY**

The Secretary of the Committee shall be the Company Secretary, who shall be responsible to draw up the agenda for each meeting for the Committee chairman's approval. The agenda shall be forwarded to all members of the Committee at least 3 days before each meeting together with all relevant documentations.

All minutes of Committee meetings shall be distributed, confirmed and signed by the chairman of the meeting at the next meeting. The said signed minutes shall be kept at the registered office of the company under the custody of the Company Secretary.

The minutes shall be available for inspection by the members of the Board, the external auditors and any other persons deemed appropriate by the chairman of the Committee.