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## AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

### 1. Objectives

The primary functions of the Audit and Risk Management Committee (“the Committee”) are to assist the Board in fulfilling the following objectives:

- Oversee financial reporting;
- Present a true and fair view of the state of affairs of the Company;
- Financial statements are prepared in accordance with applicable approved accounting standards;
- Assess the adequacy and effectiveness of the Group’s risks and control environment;
- Review the internal and external audit processes; and
- Assess the professionalism and independence of external auditors.

### 2. Membership

The Committee shall be appointed by the Board from amongst the Directors and shall consist of no fewer than three (3) members. All the Committee members must be Non-Executive Directors with a majority of them being independent. All the Committee members should be financially literate with at least one of whom must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and/or experience as prescribed and approved by Bursa Malaysia. Any appointment of a former key audit partner shall be required to observe a cooling-off period of at least two years before being appointed as a member of the Committee.

The members of the Committee shall elect a Chairman from among its members who is an Independent Non-Executive Director. The Chairman elected shall be subjected to endorsement by the Board.

In the event that a member of the Committee resigns, dies or for any other reasons cease to be a member with the result that the number of members is reduced to below three (3), the Board upon recommendation of the Nomination Committee shall within three (3) months of such event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board is to review the term of office and performance of the Committee and each of its members at least once in every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

**3. Authority**

The Committee is authorized by the Board to:

- Investigate any activities within its terms of reference and have full and unrestricted access to any information pertaining to the Company and the Group and any employee or member of the Management as well as the necessary resources to do so;
- Have direct communication channels with both the internal and external auditors, and be able to convene meetings with them excluding the attendance of Executive Board members and Management, whenever deemed necessary;
- Obtain external legal or other independent professional advice and also retain persons having special competence considered necessary and reasonable to assist the Committee in fulfilling its responsibilities;
- Perform exit interview on those finance/internal audit division; and
- Assess and recommend the staff strength of in-house internal audit.

**4. Meetings**

The Committee shall meet at least four (4) times a year or more frequently as need arises. The Chairman shall also convene a meeting 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.

Meetings will be attended by the members of the Committee and the Company Secretary who shall act as the Secretary of the Committee. The Group Managing Director, head of accounts and finance, head of internal audit and risk management and representatives of the external auditors shall normally be invited to attend these meetings as well. Other Board members and employees may attend meetings upon the invitation of the Committee to assist in resolving and clarifying matters raised. The Committee shall be able to convene meetings with the external auditors, internal auditors or both, without Executive Board members present whenever deemed necessary.

The agenda for Committee meetings shall be circulated before each meeting to members of the Committee. The Committee Chairman reports to the Board on principal matters deliberated at the Committee meetings. Minutes of each meeting are circulated to the Board at the next most practicable Board meeting.

A quorum shall be two (2) members and the majority of the members present must be Independent Non-Executive Directors.

**5. Duties and Responsibilities**

The duties and responsibilities of the Committee shall include:

- To review the effectiveness of internal control systems and to consider major findings on internal investigations and management's response;

- To review the quarterly and annual financial statements of the Group, focusing particularly on:
  - (a) any changes in accounting policies and practices;
  - (b) significant adjustments and unusual events arising from the audit;
  - (c) the going concern assumption; and
  - (d) compliance with applicable approved accounting standards, the Main Market Listing Requirements of Bursa Malaysia and other regulatory requirements;
- To do the following in relation to the external audit function:
  - (a) consider the appointment of the external auditors by reviewing their suitability and independence, the audit fees and any question of resignation or dismissal;
  - (b) review with external auditors their audit plan and nature and scope of the audit prior to commencement of audit;
  - (c) discuss issues and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of Management and Executive Board members, where necessary); and
  - (d) review with the external auditors their evaluation of the effectiveness of the internal control system, and in particular to review the external auditors' management letter and the management's response;
- To do the following in relation to the internal audit function:
  - (a) consider the appointment of internal auditors to ensure they have relevant qualification and any question of resignation or dismissal;
  - (b) review the adequacy of the scope, functions and resources of the internal audit function in that it has the necessary authority to carry out its work; and
  - (c) review the internal audit plan, processes and results of the internal audit and where necessary, ensure that appropriate actions are taken on the recommendations made by the internal audit function;
- To review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure, or course of conduct that may raise questions of management integrity, to ensure that such transactions are undertaken on the Group's normal commercial terms and are reported annually to shareholders via the Annual Report;
- To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;
- To promptly report to Bursa Malaysia any matter reported by the Committee to the Board which has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements; and
- To undertake any other functions or responsibilities as may be defined by the Board.

Dated : 24 August 2018