

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

1. Constitution

The Board of Directors (“Board”) has constituted and established a committee of the Board to be known as the Audit and Risk Management Committee. The Audit and Risk Management Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of internal control, the audit process and the process of monitoring compliance with laws and regulations.

2. Membership

- The Committee shall be appointed by the Board from amongst the directors of the Company and shall comprise at least three (3) members, all of whom must be Non-Executive Directors and a majority of whom must be independent.
- At least one member of the Committee fulfills the requirements as prescribed under paragraph 15.09 (1)(c) of Bursa Securities’ Listing Requirements.
- No alternate director shall be appointed as a member of the Committee.
- The members of the Committee shall elect a Chairman from among their number, whom shall be an Independent Non-Executive Director. The Chairman of the Board shall not be the Chairman or member of the Committee.
- The Company Secretary or such other persons authorised by the Board shall act as the Secretary to the Committee.
- If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.
- The terms of office and performance of the members of the Committee shall be reviewed by the Nomination Committee annually to determine whether the members have carried out their duties in accordance with their terms of reference.
- To safeguard the independence of the Committee, a cooling off period of at least three (3) is to be observed before a former partner of the external audit firm of the Company is appointed as a member of the Committee.

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3. Meetings and Minutes

- The Committee shall meet at least four (4) times in a financial year, although additional meetings may be called at any time at the Committee Chairman's discretion.
- The quorum for a meeting of the Committee shall consist of not less than two (2) members, majority of whom must be independent directors.
- Other than in circumstances which the Chairman of the Committee considers inappropriate, the Head of Finance, Head of Internal Audit and representatives of the External Auditors will normally attend any meeting of the Committee to make known their views on any matter under consideration by the Committee or which in their opinion, should be brought to the attention of the Committee. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the Committee.
- The Chairman of the Committee shall report to the Board the key issues discussed at each meeting and its minutes tabled and noted by the Board. The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office or the principal office of the Company, and shall be open for inspection by any member of the Committee and the Board of Directors.
- The Committee may deal with matters by way of a circular resolution in writing, in lieu of convening a formal meeting. The circular resolution, signed by a majority of the members of the Committee, shall be as valid and effectual as if it has been passed at a meeting of the Committee duly convened.

4. Authority

- The Committee is authorised by the Board to investigate any matter within the Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Committee.
- The Committee is authorised by the Board to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.

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- The Committee shall have direct communication channels and be able to convene meetings with the external auditors, the Head of Internal Audit and/or the internal auditors or both, without the presence of other Directors and employees of the Company, whenever deemed necessary.
- The Head of Internal Audit and/or the internal auditors report directly to the Committee and shall have direct access to the Chairman of the Committee on all matters of control and audit. All proposals by management regarding the appointment, transfer and/or removal of senior staff members of the Internal Audit Department or internal auditors, where applicable, shall require prior approval of the Committee. The Committee is also authorised by the Board to obtain information on any resignation of the outsourced internal auditors and/or internal audit staff members and provide the staff member an opportunity to submit his reasons for resigning.

5. Functions and Duties

- To review the following and report the same to the Board of Directors:
 - (a) The audit plan, audit report and evaluation of the system of internal control with the external auditors as well as the assistance given by employees of the Group to the external auditors;
 - (b) The adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (c) The internal audit plan, any internal audit programme, processes, the results of the internal audit programme, processes, or internal investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (d) Review any appraisal or assessment of the performance of the internal auditors or members of the internal audit function;
 - (e) Review the assistance given by the employees of the Company to the internal auditors;
 - (f) The quarterly results and annual financial statements prior to the approval by the Board of Directors, focusing particularly on:
 - (i) changes in or implementation of major accounting policies and practices;
 - (ii) significant and unusual events;

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- (iii) significant adjustments arising from the audit;
 - (iv) compliance with accounting standards, other statutory and legal requirements and the going concern assumption; and
 - (v) the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group;
 - (g) Any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (h) Any letter of resignation from the external auditors of the Company;
 - (i) Whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and
 - (j) Any significant audit findings, key audit matters, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors;
- Consider the nomination, appointment and re-appointment of the external auditors; the audit fee; and 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 of the external auditors and the audit firm's resources and assessment;
 - Review the adequacy of the Company's risk management framework, risk management process and system of internal control; to evaluate and monitor principal risks that may affect the Company and mitigating measures in place;
 - Review the matters referred to the Committee as set out in the Whistleblower Policy and Guidelines and the Anti-Bribery and Corruption Policy;
 - Promptly report to Bursa Securities on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of Bursa Securities' Listing Requirements; and
 - Carry out any other functions that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities;



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6. Revision and updates

Where necessary, this Terms of Reference will be reviewed and updated to ensure it remains consistent with the Committee's objectives and responsibilities.