

ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD

RISK MANAGEMENT AND AUDIT COMMITTEE TERMS OF REFERENCE

A. Composition

The Board of Directors shall elect a Risk Management and Audit Committee from among themselves comprising of not less than three (3) members which fulfill the following requirements:

- A.1 A majority must be independent directors.
- A.2 At least one (1) member –
 - a) must be a member of the Malaysian Institute of Accountants; or
 - b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and :-
 - i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967;
 - ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - iii) fulfills such other requirements as prescribed or approved by Bursa Securities.
- A.3 Alternate director shall not be appointed as a member of the Risk Management and Audit Committee.
- A.4 The members of the Risk Management and Audit Committee shall elect a chairman from amongst themselves who shall be an independent director.
- A.5 In the event of any vacancy in the Risk Management and Audit Committee resulting in the non-compliance of subparagraphs 15.09(1) and 15.10 of the Listing Requirements, the vacancy must be filled within 3 months.

B. Objectives

- B.1 The principal objective of the Risk Management and Audit Committee is to assist the Board in fulfilling the following key responsibilities:
 - i. Assessing the risk management policies and procedures and internal control;
 - ii. Overseeing financial reporting;
 - iii. Evaluating the internal and external audit process; and
 - iv. Reviewing conflict of interest situations and related party transactions.

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- B.2 Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to corporate accounting, financial reporting practices, systems of risk management and internal control, the audit processes of the Company and its subsidiaries ("the Group") and in monitoring the Group's Management of business/financial risk processes and accounting and financial reporting practices.
- B.3 Determine that the company has adequate administrative, operational, and internal accounting controls and that the Group is operating in accordance with its prescribed procedures, codes of conduct and applicable legal and regulatory requirements.
- B.4 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.
- B.5 Provide direction, counsel and oversight over the internal audit function and the external auditors, to enhance their independence from Management.
- B.6 Provide assistance to the Board in setting and overseeing the Risk Management Framework of the Group and regularly assessing such Risk Management Framework to ascertain its adequacy and effectiveness.

C. Frequency of Meetings

Meetings will be held not less than four (4) times a year. The external auditors may request a meeting if they consider it necessary.

D. Attendance at Meetings

The group accountant, the head of internal audit, and a representative of the external auditors shall normally attend meeting. However, the Committee may invite any person to be in attendance to assist it in its deliberations.

E. Secretary

The Company Secretary or their nominee shall act as the Secretary of the Committee.

F. Minutes of the Meetings

- F.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- F.2 Minutes of committee meetings shall be circulated to each member of the Risk Management and Audit Committee and to the Board.

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G. Quorum

A majority of the members, who are independent directors, present, being not less than two (2), shall form a quorum.

H. Authority

- H.1 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 for the purpose of discharging its functions and responsibilities.
- H.2 The Committee is also authorised to obtain outside legal or other independent professional advice as it considers necessary.
- H.3 The Committee is allowed to have direct communication channels to deal with the external auditors and person(s) carrying out the internal audit function or activity.
- H.4 The Committee is also authorised to convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.
- H.5 The Committee should have all the necessary resources to perform its duties.
- H.6 Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee shall report such matter to Bursa Malaysia Securities Berhad.

I. Duties and Responsibilities

The following are the main duties and responsibilities of the Committee, and where appropriate, the Committee shall report to the Board on the following:

- I.1 To review the maintenance of an effective accounting system and controls in the business process.
- I.2 To review the Company's accounting policies and reporting requirements to ensure compliance with the relevant laws and standards.
- I.3 To review Company compliance with relevant law and Listing Requirements of Bursa Malaysia Securities Berhad.
- I.4 To review the scope of the external audit and internal audit to ensure no unjustified restrictions are imposed by the Management.
- I.5 To review the assistance given by employees of the Company to the internal and external auditors.

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- I.6 To review the adequacy of the scope, functions, competency and resources of the internal audit functions and the necessary authority to carry out its work.
- I.7 To recommend the appointment and remuneration of external auditors.
- I.8 To liaise directly with the external auditors, the Management and the Board as a whole, particularly with regard to the Audit plan and Audit report.
- I.9 To review the findings of internal and external auditors on internal controls and other audit comments.
- I.10 To review the internal audit programme, 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 auditors.
- I.11 To review the quarterly results and year-end financial statements, before the approval by the board of directors, focusing particularly on:
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant matters highlighted including financial reporting issues, significant judgments made by the Management, significant and unusual events or transactions, and how these matters are addressed; and
 - (c) compliance with accounting standards and other legal requirement.
- I.12 To review the contents of the Annual Report prior to submission to the Board.
- I.14 To review 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 that raises questions of management integrity.
- I.15 To review any letter of resignation from the external auditors of the Company; and
- I.16 To review whether there is a reason (supposed by grounds) to believe that the Company's external auditors is not suitable for re-appointment.
- I.17 To review the adequacy and effectiveness of risk management, internal control and management information systems, including compliance with applicable laws, rules, corporate governance requirements and guidelines.
- I.18 To review the Group's risk management policy and implementation of the risk management framework.
- I.19 To review and recommend to the Board, the Director's Statement on Risk Management and Internal Control and any changes thereto.