

UOA DEVELOPMENT BHD. (Company No. 654023-V)

Audit and Risk Management Committee

TERMS OF REFERENCE

Status	The Audit and Risk Management Committee (ARMC) is a committee of the Board of Directors
Membership	Classification 1. Independent Non-Executive Director (Chairman of the ARMC) 2. Independent Non-Executive Director 3. Non Independent Non-Executive Director The ARMC shall be appointed by the Board from amongst its directors and shall comprise at least three (3) members who must be non-executive directors and financially literate, the majority of whom shall be independent directors. At least one (1) member of the ARMC:- 1. must be a member of the Malaysian Institute of Accountants (MIA) or equivalent; 2. fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad or approved by the Securities Commission. No alternate Director shall be appointed as a member of the ARMC.
Rotation of Chairman	The position of the Chairman of the ARMC shall be rotated once every three (3) years. If a member who is supposed to be appointed as the Chairman of the ARMC declines the post, then the next member on the rotation list shall be offered the post.
Primary Purpose	The ARMC is responsible for reviewing reports from both internal and external auditors to validate scope, evaluate existing policies, establish audit quality and ensure compliance with the Group's policies. The ARMC will also be responsible for ensuring that proper processes and procedures are in place to comply with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.
Responsibilities	Specific responsibilities include, to:- Review the Group's quarterly results and year end financial statements before submission the Board, focusing particularly on: • Changes in or implementation of major accounting policy changes • Significant and unusual events • Significant adjustments arising from the audit • Compliance with accounting standards and other legal requirements • The going concern assumption

Responsibilities (cont.)

To recommend to the Board any matter relating to the appointment or resignation of external auditors and their fees charged for non audit related assignments.

Review with the external auditors on the following and report the same to the Board:

- Audit Plan
- Audit Report
- Evaluations of the system of internal controls
- The assistance given by the employees to the external auditor
- External auditors' management letter and management's response thereto
- Any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditor
- Interaction with and comment by External Auditor on scope and performance of Internal Audit

Review with the Group Internal Audit on the following and report the same to the Board:-

- Effectiveness of the Group's internal control systems
- Adequacy of resources for internal control and dealing with problems encountered during the audit process
- Adequacy of the scope, functions and resources of the internal audit functions competency and that it has the necessary authority to carry out its responsibilities
- The internal audit programme and processes, the results of the internal audit programme and processes as well as investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

Take cognizance of resignations of internal audit staff members and provide the resigning internal audit staff member an opportunity to submit his reasons for resigning upon receipt of such notice of resignation.

Review the appraisal or assessment of the performance of members of the internal audit function which is headed by Internal Audit Manager who will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Group.

Review the following and report the same to the Board: -

- The Annual Statement of Internal Control to be published in the Annual Report
- Any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises question of management integrity

Responsibilities (cont.)

- Any letter of resignation from the external auditors or suggestions for their dismissal
- Whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment

Assess processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

Determine the remit of the internal audit function which reports directly to the ARMC. The internal audit function should be independent of the activities they audit and should be performed with impartiality, proficiency and due professional care.

Carry out any other function that may be mutually agreed upon by the ARMC and the Board.

Authority

The ARMC shall have the authority to:-

Approve any appointment or termination of senior staff members of the internal audit function.

Convene meeting with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary and such meetings with the external auditors shall be held at least twice a year.

Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary.

Investigate any matter within its terms of reference, have the resources which it needs to do so, full and unrestricted access to information pertaining to the Group and the Management, and all employees of the Group are required to comply with requests made by the ARMC.

Have direct communication channels with the external auditors and internal auditors, and also to engage the senior management on a continuous basis such as the chairman, the chief executive officer and the chief financial officer in order to be kept informed of matters affecting the Group.

Meetings

The ARMC shall meet four (4) times each year and at such time(s) as it deems necessary to fulfill its responsibilities. The meetings to be one day prior to full board meetings and review with management the quarterly and financial year end statements prior to submission to full Board for approval.

The Quorum for the ARMC shall be two (2), the majority of members present must be independent directors.

Each member of the ARMC is entitled to one (1) vote in deciding the matters deliberated in the meeting.

The decision that gained the majority votes shall be the decision of the ARMC. In the event of an equally of votes, the Chairman of the ARMC shall be entitled to a second or casting vote.

**Communication
to the Board**

The ARMC shall prepare a report each year concerning its activities in compliance with these terms of reference to be tabled to the Board and for inclusion in the Group's Annual Report.

The minutes of each ARMC meeting shall be tabled to the Board for notation.

The ARMC may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.

Where the ARMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved by the full Board resulting in a breach of the Listing Requirements, the ARMC must promptly report such a matter to the Securities Commission.

Secretariat

The following persons shall be the joint secretaries to the ARMC:-

- i. Company Secretary
- ii. Person(s) appointed by the ARMC from:-
 - a. Group Internal Audit; and
 - b. Finance.

The Company Secretary shall be responsible for preparation of agenda in consultation with the Chairman, and distribution to all the members the papers to be deliberated at the meeting.

**Appointment
Process**

Bi-Annual review and re-appointment by the Board of Directors subject to the Board of Director's review of the term of office and performance of ARMC and each of its members at least once every three (3) years to determine whether such ARMC and members have carried out their duties in accordance with their terms of reference.