

**TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE**

• **Responsibilities**

- (a) Assessing the risks and control environment.
- (b) Overseeing financial reporting.
- (c) Evaluating the internal and external audit process.
- (d) Reviewing conflict of interest situations and related party transactions.

• **Authority**

In conducting its duties and responsibilities, the Audit and Risk Management Committee shall have:

- (a) the authority to investigate any matter within its terms of reference.
- (b) full and unrestricted access to any information pertaining to the Company and the Group including the right to invite other Directors and/or Management of the Company to attend any particular Audit and Risk Management Committee meeting to discuss specific issues.
- (c) direct communication channels with the external and internal auditors.
- (d) the right to obtain independent professional or other advice as necessary.

• **Duties**

The duties of the Audit and Risk Management Committee are:

- (a) To consider the appointment, resignation and dismissal of external auditors, their audit fee, review their suitability, competence, independence and non-audit engagement services.
- (b) To discuss with the external auditors, prior to the commencement of audit, the nature and scope of audit, obtain their written assurance of independence and to ensure co-ordination of audit where more than one audit firm is involved.
- (c) To review and assess the financial statements prior to the approval of the Board, ensuring:
  - going concern assumption
  - compliance with accounting standards, timeliness disclosure and regulatory compliance requirements
  - changes in accounting policies and practices and ensuring a true and fair view of the Group's and the Company's financial position and performance
  - significant issues arising from audit
  - understanding of Management's representations
- (d) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss, and to discuss with the Independent Non-Executive Directors in private (excluding the attendance of other Directors and Management/Executive of the Company) arising from the above matters.
- (e) To review the external auditors' management letter and management's response thereto.

- (f) To establish the following with the internal audit function:
- review the adequacy of the scope, functions, competency, performances and resources requirements of the internal audit function and that it has the necessary authority and independence to carry out its work
  - review internal audit programme
  - ensure co-ordination of external audit with internal audit
  - consider the major findings of internal audit reviews/investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function
- (g) To review any related party transaction and conflict of interests situation that may arise within the Company and the Group.
- (h) To consider the appointment of independent advisers for corporate proposals involving related parties.
- (i) To assess the quality and effectiveness of the system of internal control and efficiency of operations, and to review the risk policy and implementation of the risk management framework. Continually reviewing and monitoring the effectiveness of control systems and sound risk management.
- (j) To promptly report to Bursa Securities on any matter where the Audit and Risk Management Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
- (k) To perform any other such function as may be directed by the Board.