

1. Objectives

The primary function of the Audit and Risk Management Committee (“ARMC” or “Committee”) is to assist the Board in fulfilling the following oversight objectives on the Group’s activities:

- Assess the Group’s processes relating to its risks, governance and control environment;
- Oversee financial reporting;
- Evaluate the internal and external audit processes;
- Overseeing the risk management framework of the Group;
- Reviewing and recommending an appropriate risk management strategy so as to ensure that business risks are effectively addressed by the Group;
- Reviewing the adequacy and completeness of the Group’s risk management process and recommending improvements where required.

2. Composition of ARMC

The Committee shall be appointed by the Board from among its members and shall consist of not less than three (3) members. The ARMC shall comprise solely of independent directors. The Chairman of the Board shall not be the member of ARMC.

At least one (1) member of the ARMC:

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years’ working experience and:
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) 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.
- (iii) fulfills such other requirements as prescribed or approved by the Bursa Securities.

The members of the ARMC may elect a Chairman from among themselves who shall be an Independent Director.

No alternate director should be appointed as a member of the ARMC.

A former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the ARMC.

In the event of any vacancy in the ARMC resulting in the non-compliance of the Listing Requirements pertaining to the composition of the ARMC, the Board of Directors shall within three (3) months of that event fill the vacancy.

The term of office and performance of the ARMC and each of its members must be reviewed by the Nominating Committee annually to determine whether the ARMC and its members have carried out their duties in accordance with their terms of reference.

All members of the ARMC should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

3. Secretary to ARMC

The Company Secretary shall be the secretary of the Committee or in her absence, another person authorised by the Chairman of the Committee. The Secretary of the Committee shall be responsible for drawing up the agenda in consultation with the Chairman of the ARMC.

4. Meetings

The Committee shall meet at least four (4) times a year. The Chairman of the Committee will highlight any major issues and any items requiring resolution by the Board.

In addition, the Chairman shall convene a meeting of the Committee if requested to do so by any member, the management of internal or external auditors to consider any matters within the scope and responsibilities of the Committee.

The Chairman of the ARMC should engage on a continuous basis with senior management, such as the Chairman of the Board, Group CEO/MD, Group Chief Financial Officer, the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the Company.

5. Reporting Procedures

The agenda together with relevant explanatory papers and documents shall be circulated to the Committee members prior to each meeting. The Secretary shall be responsible for keeping the minutes of the meeting of the Committee and make it available to all members of the Board upon request

6. Meeting Procedures

The Committee shall regulate its own procedures, in particular:

- (a) the calling of meetings;
- (b) the notice to be given to such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

7. Quorum

A quorum shall consist of 2 Committee members.

8. Attendance by Invitation

The Group MD/CEO and Group Chief Financial Officer, the Internal Auditors and the representative of the External Auditors should normally be invited to attend meetings. The Committee may invite any person to be in attendance to assist in its deliberation in any particular meeting. However, the Committee should meet with the External Auditors without Executive Board members and management present at least twice a year.

9. Rights of the External Auditors

The External Auditors have the right to appear and be heard at any meeting of the Committee and their representative shall appear before the ARMC when required to do so by the Committee.

10. Authority of the ARMC

The ARMC is authorised by the Board:

- to investigate any activity within its terms of reference;
- to have the resources which are required to perform its duties;
- to have full and unrestricted access to any information pertaining to the Company;
- to have direct communication with and access to the external auditors and person(s) carrying out the internal audit function or activity;
- to obtain external legal or other independent professional advice and secure attendance of outsiders with relevant experience and expertise if it considers this necessary; and

- to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

The ARMC does not have any executive powers. It shall report to the Board of Directors on the matters that it has considered and its recommendations and comments thereon.

The ARMC shall also have the power to establish Sub-Audit Committee(s) to carry out certain investigations on behalf of the ARMC in such manner, as the ARMC deems fit and necessary.

11. Duties and Responsibilities

The duties and responsibilities of the Committee shall be:

- (a) in respect of external auditors:
 - to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment;
 - to consider the nomination of a person or persons as external auditors and to determine the audit fee;
 - to consider any questions of resignation or dismissal of external auditors; and
 - to conduct annual assessment on the suitability, objectivity and independence of the external auditor through established policies and procedures;
- (b) to discuss with the external auditors before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
 - to discuss problems and reservations arising from the audit with the auditors, without Key Senior Management presence, if necessary;
 - to review the external auditors' Key Senior Management letter and Key Senior Management's response;
 - to review the audit plan;
 - to discuss with the external auditors their evaluation of the system of internal controls;
 - to discuss with the external auditors their audit report; and
 - to review the assistance given by the employees of the Company to the external auditors.

- (c) to review the quarterly and year-end financial statements and focus on:
 - financial reporting process, detection of financial irregularities, to ascertain that the financial statements are consistent with operational information;
 - any changes in or implementation of major accounting policy changes;
 - significant matters highlighted including financial reporting issues, significant judgments made by Key Senior Management, significant and unusual events or transactions, and how these matters are addressed; and
 - compliance with accounting standards and other legal requirements.
- (d) to report to the Board all pertinent issues which are necessary to be reported or on any key issues affecting the Group;
- (e) to perform the following duties in relation to the internal audit function:
 - review the adequacy of the scope, function, budget, competency, resources and authority necessary to carry out the work and that it reports directly to the ARMC;
 - review the internal audit plan, processes and results of the internal audit assessments, investigation undertaken and ensure that appropriate action is taken on the recommendations;
 - review and appraise the performance of the internal audit function;
 - approve the appointment and termination of internal auditor;
 - review the resignations of internal auditor and give them the opportunity to submit reasons for their resignations; and
 - review the follow-up actions by Key Senior Management on the weaknesses of internal accounting procedures and controls as highlighted by the internal auditors.
- (f) 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 Key Senior Management integrity;
- (g) consider major findings of internal investigations and Key Senior Management's response;
- (h) to review the Group's risk Key Senior Management and internal control;

- (i) to promptly report such matter to Bursa Securities if the ARMC 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.
- (j) to verify the allocation of options during the year if any, under the Company's Employees Share Option Scheme ("ESOS") to ensure that this was in compliance with the allocation criteria determined by the ESOS committee and in accordance with the By-Laws of the ESOS; and
- (k) to perform any other work as may be directed by the Board from time to time.

12. Review

The terms of reference will be subjected to review from time to time by the Committee and the Group MD/CEO, and any amendments are to be approved by the Board before becoming effective.