



TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. INTRODUCTION

The establishment of the Audit and Risk Management Committee ("Committee") is to assist the Board of Directors ("Board") in discharging its responsibilities to safeguard the Company's assets, overseeing financial reporting, manage the overall risk exposure and maintain effective internal control system in the Group.

2. MEMBERSHIP

The members of the Committee shall be appointed by the Board based on the recommendation of the Nomination Committee from amongst the directors on the Board and shall consist of not less than three (3) members, a majority of whom shall be Independent Directors. All members of the Committee must be Non-Executive Directors and at least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and experience as prescribed or approved by the Bursa Securities.

No alternate Director shall be appointed as a member of the Committee.

The quorum shall consist of two (2) members and a majority of the members present must be Independent Directors.

If a member of the Committee resigns, dies or for any other reason ceases to be a member, which results in the number of members being reduced to below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Nominating Committee shall review the terms of office and performance of the Committee and each of its members annually to determine whether the Committee and members have carried out their duties in accordance with their terms of reference.

3. Chairman

The Chairman of the Committee shall be an Independent Non-Executive Director elected from amongst its members. He shall report on each meeting of the Committee to the Board.

In absence of the Chairman in a Meeting, one (1) of the members of the Committee present shall be elected to be the Chairperson of the meeting.

4. Secretary of the Committee

The Company Secretary shall act as secretary of the Committee and shall be responsible, with the concurrence of the Chairman of the Committee, for drawing up the agenda and circulating it to the Committee members at least 5 days prior to the meeting.

The Company Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members and to the other members of the Board and also ensures that the minutes are properly kept and produced for inspection, if required.

The Company Secretary shall also ensure that all appointments to Committee are properly made.

5. Frequency of Meetings

Meetings shall be held not less than four (4) times a year. The Head of Finance and Head of Internal Audit shall normally be invited to attend such meetings of the Committee. Other members of the Board and senior management team may also attend upon the invitation of the Committee to assist in resolving and clarifying matters raised.

At least twice a year, the Committee shall meet the External Auditors without the presence of the executive Board members and employees.

Upon the request of the External Auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the External Auditor believes should be brought to the attention of the Directors.

6. Authority

In performing its duties, the Committee is authorised by the Board as follows:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to both the Internal and External Auditors and to all employees of the Group;
- (d) be able to obtain external legal or other independent professional advice as necessary.

7. Duties and Responsibilities

The duties and responsibilities of the Committee are:

7.1 Risk Management & Internal Control

- i) To provide an objective view on the effectiveness of the risk management framework, review and monitor risk reporting;
- ii) To review the Group risk profile on a quarterly basis with focus on the key or significant risks identified affecting the Group;
- iii) To review the status of the adequacy and effectiveness of the policies and procedures and system of internal control to monitor and manage risks;
- iv) To recommend to the Board its findings and propose course of actions to be taken by management to mitigate risks.
- v) To review the Statement on Risk Management and Internal Control for the Financial Year ended for inclusion in the Annual Report.

7.2 External Audit

- i) To recommend to the Board the appointment or re-appointment of the External Auditors, the audit fees and any questions of resignation or dismissal.
- ii) To review and discuss with the External Auditors:
 - the audit plan, nature and scope of the audit;
 - the External Auditor's evaluation of the system of internal controls, their management letter and audit report;
 - problems and reservations arising from the interim and final audits and any matter the External Auditors may wish to discuss (in the absence of Management, where necessary); and
 - the External Auditor's management letter and Management's response.

7.3 Internal Audit

- i) To review and discuss with the Head of Internal Audit:
 - the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
 - the internal audit programme process, the results of the internal audit process, process of investigations undertaken and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function.

- ii) To review and assess the performance of the internal audit function as a whole.
- iii) To approve the appointment or termination of the Head of Internal Audit, and review any appraisal or assessment of the performance of members, of the internal audit function and to keep itself informed of any resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning.

7.4 Financial Reporting

To review the quarterly and year-end financial statements, prior to the approval by the Board, focusing particularly on:

- changes in or implementation of major accounting policy;
- significant matters highlighted including financial reporting issues, significant judgements made by management;
- significant and unusual events or transactions, and how these matters are addressed;
- the going concern concept; and
- compliance with accounting standards and other legal requirements.

7.5 Related Party Transaction And Conflict Of Interest

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.

7.6 Internal Audit Charter

To review and recommend to the Board for approval the Internal Audit Charter which defines the objective, scope, authority, responsibility and access of the Internal Audit function in the Group.

8. Reporting

The Committee shall prepare for the Board's consideration and approval, the Committee's Report at the end of each financial year. The report shall disclose the following:

- the Committee's composition, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
- the number of Committee meetings held during the financial year and details of attendance of each Committee member;
- a summary of the work of the Committee in the discharge of its functions and duties for that financial year and how it has met its responsibilities; and
- a summary of the work of the internal audit function.