



TECK GUAN PERDANA BERHAD

(Company No. 307097-A)
Incorporated in Malaysia

TERMS OF REFERENCE OF THE AUDIT & RISK MANAGEMENT COMMITTEE

Revised 22nd January 2018

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CONSTITUTION

1. a. The Board of Teck Guan Perdana Berhad (“the Company”) had established the Audit Committee (“AC”) and the Risk Management Committee (“RMC”) respectively on 15 June 1996 and 23 December 2003.
- b. The Board merged the AC and RMC into a combined committee called “**Audit & Risk Management Committee**” on 22 January 2018.

COMPOSITION

2. The members of the Audit & Risk Management Committee (“**the Committee**” or “**the ARMC**”) are as follows:

Chairman	: Mr. Fung Hiuk Bing, MIA 11342	Independent Non-Executive Director
Committee Members	: Mr. Tham Vui Vun, MIA 3667	Independent Non-Executive Director
	Mr. Wong Peng Mun	Independent Non-Executive Director

MEMBERSHIP

3. The ARMC shall be appointed by the Board from amongst the directors of the Company and:
 - 3.1 shall consist of not less than three members;
 - 3.2 all members of the Committee must be non-executive directors, with a majority being independent directors;
 - 3.3 at least one member of the Committee:-
 - 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 3 years working experience and:-
 - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - ii. he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - c. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

- 4 Other restrictions and/or requirement on the membership of the Committee:
 - 4.1 No alternate director shall be appointed as a member of the Committee; and
 - 4.2 A director who was a former key audit partner must observe a cooling-off period of at least two years before being appointed as a member of the Committee.
 - 4.3 A member should be financially literate and should undertake continuous professional development to keep him abreast of relevant developments in accounting and auditing standards, practices and rules.
5. The members of the Committee shall elect a Chairman from amongst its members who is an independent director and that the Chairman of the Committee is not the Chairman of the Board
6. In event of any vacancy in the Committee resulting in the numbers of members being reduced to below three, the Board shall within 3 months fill the vacancy; and/or in the case of the chair being vacant, the members shall within 3 months of that vacancy, elect a new Chairman from amongst themselves.
7. The term of office and performance of the Committee and each of its members shall be reviewed by the Nomination & Remuneration Committee annually to determine whether the Committee and each of its members have carried out their duties in accordance with their terms of reference.

AUTHORITY

8. In accordance with procedures to be determined by the Board and at the cost of the Company, the Committee shall:
 - 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 any information pertaining to the Company;
 - d. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
 - e. be able to obtain independent professional or other advice; and
 - f. be able to convene meetings with external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Group whenever deemed necessary.

Notwithstanding the above, the Committee does not have executive powers and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company and the Group.

REPORTING OF BREACHES TO THE BURSA MALAYSIA SECURITIES BERHAD

9. 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 Bursa Malaysia Listing Requirements, the Committee must promptly report such matter to the Bursa Malaysia Securities Berhad.

FUNCTIONS

10. The Committee shall discharge the following duties & responsibilities and report the same to the Board on matters with regard to:-

10.1 External Auditors

- i. discuss and review the nature and scope of the external audit plan prior to commencement of audit;
- ii. review with external auditor, their evaluation of the system of internal controls;
- iii. review the external audit report and audit findings and the management's response thereto;
- iv. review the assistance given by the employees of the Group to the external auditor;
- v. consider the re-appointment, resignation or termination of external auditors and their audit fee;
- vi. recommend the nomination of a person or persons as external auditors

10.2 Internal Audit Function

- i. review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- ii. review the internal audit plan, processes, results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations;
- iii. review any appraisal or assessment of the performance, independence and objectivity of the Internal Audit Function and its members;
- iv. approve any appointment or termination of, outsourced internal auditors or in-house senior staff members of the internal audit function; and
- v. ensure the internal audit functions reports directly to the Committee.

10.3 Related Party Transactions

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;

10.4 Risk Management & Internal Control

- i. to review and ensure that the Management has in place an adequate and effective system of risk management and internal control framework to safeguard shareholders' interests and the Company's assets;
- ii. to review the process in place for identifying, evaluating, managing and monitoring critical risk and ensure that it is continuously improved as business environment changes;
- iii. to oversee the conduct of and review the results of company-wide risk assessments and the risk management team's plan to manage/mitigate critical risk as identified from time to time; and
- vi. to provide a forum and engage the Management in discussion and exchange of ideas relating to critical risks and risk appetite as conditions and circumstances change and new opportunities arise.

10.5 Financial Reporting

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

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

10.6 Annual Report

To review the following reports/statements for inclusion in the Annual Report of the Company:-

- i. Audit Committee Report; and
- ii. Statement on Risk Management and Internal Control

11. The Committee shall undertake any such other functions as may be determined by the Board from time to time.

MEETINGS

12. Save as is otherwise provided, the Committee shall meet, adjourn or otherwise regulate its meetings and proceedings as it thinks fit:
 - 12.1 Meetings shall be held not less than four (4) times a year. The Chairman shall convene a meeting of the Committee at its own discretion or if requested by any member, management, internal auditors and external auditors to consider any matter within the scope and responsibilities of the Committee.
 - 12.2 The quorum for meetings of the Committee shall be two and the majority of members present must be Independent Non-Executive Directors.
 - 12.3 In the absence of the Chairman or if he is unwilling to act, the members present shall elect one of the members who must be an independent director to chair the meeting.
 - 12.4 All resolutions or questions arising at any meeting shall be decided by a majority of vote of the members present, each member having one (1) vote. In the case of an equality of votes, the Chairman (of the meeting) shall be entitled to a casting vote in addition to the vote which he is entitled as a member.
 - 12.5 A meeting shall normally be conducted face-to-face to enable effective discussion, however, a meeting may also be conducted via telephone conference, video conference or any other form of communications by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
13. Other Board members and employees shall attend the Committee meetings only at the invitation of the Committee. The external auditors are normally invited to attend meetings as and when necessary. However, twice a year, the Committee shall meet with the external auditors without the presence of any other directors and employees of the Company.
14. A resolution signed by all members of the Committee for the time being present in Malaysia shall be as effective as a resolution passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in the same form and each signed by one or more members of the Committee.

INTEREST OF THE COMMITTEE MEMBERS

15. A Committee member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

REPORTING PROCEDURES

16. The Company Secretary shall be the Secretary of the Committee. The Secretary of the Committee shall give notice of the meeting including the agenda together with all relevant documents to all members of the Committee prior to the meeting. The draft minutes shall be circulated to the Committee for comment. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. Any persons who may be required to attend shall also be notified by the Secretary accordingly.