

AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS

Chairman	Tay Mun Kit (Independent Non-Executive Director)
Members	Ar. Lim Tong Hock (Independent Non-Executive Director) Dato' Azahar bin Rasul (Senior Independent Non-Executive Director)
Secretary	Tan Kah Koon (Company Secretary)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. Objective

The primary objectives of the Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries.

The Committee shall also assist the Board in complying with specified accounting standards and required disclosures as administered by Bursa Securities, relevant accounting standards bodies, and any other laws and regulations as amended from time to time.

The Committee shall also establish a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors and overseeing and appraising the quality of audits conducted by the Company's internal and external auditors.

2. Composition

- (a) The Audit and Risk Management Committee shall be appointed by the Board from amongst themselves comprising not less than three (3) members where the majority of them shall be composed of independent non-executive directors and the CEO shall not be a member of the Audit and Risk Management Committee.
- (b) The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or possessing such financial related qualification or experience as may be required by Bursa Malaysia Securities Berhad.
- (c) The term of office of the Audit and Risk Management Committee is two (2) years and may be re-nominated and appointed by the Board.
- (d) The members of the Audit and Risk Committee shall elect a Chairman from amongst themselves who shall be an independent director.
- (e) All members of the Audit and Risk Management Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Audit and Risk Management Committee cease to be a Director of the Company, his membership in the Audit and Risk Management Committee would cease forthwith.
- (f) No Alternate Director of the Board shall be appointed as a member of the Audit and Risk Management Committee.
- (g) If the number of members of the Audit and Risk Management Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- (h) The Board must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)

3. Duties and Responsibilities

The duties and responsibilities of the Committee shall include the followings:-

External Audit

- (a) To review the nomination of external auditors and their audit fees;
- (b) To review the nature, scope and quality of external audit plan/arrangements;
- (c) To review quarterly and annual financial statements of the Company, before submission to the Board, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgmental issues;
- (d) To review the external auditors' audit report;
- (e) To review with the external auditors on the evaluation of the system of internal accounting controls;
- (f) To review the Company's policies and procedures with Management and external auditors to ensure the adequacy of internal accounting and financial reporting controls;
- (g) To review any letter of resignation from the external auditors; and
- (h) To consider and review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.

Internal Audit

- (a) To review the adequacy of scope, functions and resources of the internal audit function;
- (b) To review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- (c) To review the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function; and
- (d) To review and approve any appointment, termination or resignation of the internal auditor.

Risk Management and Internal Control

- (a) To review the adequacy of the Group's risk management framework and to provide independent assurance to the Board of Directors on the effectiveness of the Company's risk management processes;
- (b) To evaluate the quality and effectiveness of the Company's internal controls and management information systems, including compliance with applicable laws, rules and guidelines;
- (c) Monitoring and communication of risk assessment results to the Board; and
- (d) To recommend to the Board of Directors the Statement of Internal Control and any changes to the said statement.

4. Authority

The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company:-

- (a) have explicit authority to investigate any matter within its terms of reference;
- (b) have the resources which the Committee needs to perform the duties;
- (c) have full access to any information which the Committee requires in the course of performing its duties;
- (d) have unrestricted access to all employees of the Group;
- (e) have direct communication channels with the external auditors;
- (f) be able to obtain outside legal or independent professional advice in the performance of its duties at the cost of the Company; and
- (g) be able to invite outsiders with relevant experience to attend its meetings, if necessary.

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE (CONTINUED)

5. Meetings and Minutes

The Committee shall hold not less than four (4) meetings a year to review the quarterly results and year end financial statements. In order to form the quorum for each meeting, a minimum of two (2) members present shall be Independent Directors.

In addition to the Committee members, the head of internal audit shall normally attend the meetings. Representatives of the external auditors shall attend meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed.

Minutes of each meeting shall be kept and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on each meeting to the Board.

The Secretary to the Committee shall be the Company Secretary.

6. Internal Audit Function

The Company's internal audit function is outsourced to an independent professional internal audit service provider, which reports directly to the Audit and Risk Management Committee. The Internal Auditors adopt a risk-based approach when preparing its annual audit plan and strategy. The principal role of the internal audit is to conduct independent and regular reviews of the various operations of the Company and to provide objective reports on the state of the internal controls to the Audit and Risk Management Committee. All internal audit reports will be presented to the Audit and Risk Management Committee for deliberation. The Audit and Risk Management Committee would then make the relevant recommendations for the management's further action. The total costs incurred for the outsourced internal audit function during the year was RM26,404.

SUMMARY OF ACTIVITIES

During the financial period ended 30 June 2020, in line with the terms of reference, the Committee carried out the following activities in the discharge of its functions and duties:-

1. Meeting with the external auditors to review the audited financial statements for the financial period ended 30 June 2020;
2. Reviewed the audit reports of the Group prepared by the external auditors and considered the major findings by the auditors and management's responses thereto;
3. Reviewed the quarterly and year-end financial results of the Group prior to submission to the Board for consideration and approval;
4. Reviewed the disclosure of related party transactions entered into by the Group;
5. Reviewed the audit plan, nature and scope of the external auditors and considering their audit fee;
6. Reviewed the audit plan, nature and scope as proposed by the internal auditors;
7. Reviewed the audit reports presented by the internal auditors on the findings and recommendations and ensure that they are duly acted upon by the management.
8. Reviewed the Statement on Risk Management and Internal Control to be published in the Annual Report.

Audit and Risk Management

Committee Report (cont'd)

MEETING ATTENDANCE

The Committee held six (6) meetings during the financial period ended 30 June 2020. The details of the attendance are as follows:

Directors	No. of meetings attended
Tay Mun Kit	6/6
Dato' Azahar bin Rasul	6/6
Ar. Lim Tong Hock	6/6

DIRECTORS' RESPONSIBILITY STATEMENT

This Statement is prepared pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The Board is responsible to ensure the financial statements prepared for each financial year have been made in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group, including cash flow and results as at the end of each financial year.

The Directors are responsible for ensuring that the Group and the Company have maintained proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which comply with the provisions of the Companies Act, 2016.

The Directors have general responsibility for taking such steps as are reasonable available to them to safeguard the assets of the Group and the Company and to detect and prevent fraud and other irregularities.