

Audit and Risk Management Committee's Terms of Reference

1.0 COMPOSITION

- 1.1 The members of the Audit and Risk Committee ("the Committee") shall be appointed by the Board from amongst the Directors, excluding Alternate Directors, and shall consist of not less than 3 members and all members shall be Independent Non-Executive Directors.
- 1.2 At least one (1) member of the Committee:
- a) must be a member of the Malaysian Institute of Accountants;
 - b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least 3 years' working experience and:-
 - i) he/she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - ii) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - iii) he/she must be a person approved under Practice Note No. 13/2002 on the MMLR of Bursa Malaysia Securities Berhad.
- 1.3 In the event of any vacancy in the committee resulting in the non-compliance of paragraphs 15.09(1) and 15.10 of the Main Market Listing Requirements, the Board must fill the vacancy within 3 months.
- 1.4 The Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Committee.
- 1.5 All Members should be financially literate and are able to understand matters under the purview of the Committee including the financial reporting process. Members should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

2.0 CHAIRMAN

- 2.1 The Chairman of the Committee must be an Independent Non-Executive Director and shall be elected from amongst the Committee members, who shall not be the Chairman of the Board.

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2.2 The Chairman of the Committee together with other members Committee should ensure among others that–

- the Committee is fully informed about significant matters related to the company's audit and its financial statements and addresses these matters;
- the Committee appropriately communicates its insights, views and concerns about relevant transactions and events to Internal and External Auditors;
- the Committee's concerns on matters that may have an effect on the financial or audit of the company are communicated to the External Auditor; and
- there is co-ordination between Internal and External Auditors;
- the Committee communicates and interact with the management in ensuring the achievement of the objective as set out in the Group Risk Policy.

3.0 AUTHORITY

The Board must ensure that wherever necessary and reasonable for the performance of its duties, the Committee must, in accordance with a procedure to be determined by the Board and at the cost of the company –

- (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 Group;
- (d) have direct communication channels with the Internal and External Auditors;
- (e) be able to obtain independent professional or other advice;
- (f) be able to convene meetings with the Internal and External Auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary; and
- (g) be able to regulate its own procedure, in particular –
 - the calling of meetings;

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- the notice to be given of such meetings;
- the voting and proceedings of such meetings;
- the keeping of minutes; and
- the custody, production and inspection of such minutes.

4.0 FUNCTIONS OF THE COMMITTEE

The Committee shall amongst others, discharges the following functions by reviewing the following and report the same to the Board:

- (a) with the External Auditors, the audit plan and their evaluation of the system of internal controls and audit report;
- (b) the assistance given by the employees to the External Auditor;
- (c) the appointment/ re-appointment of the External Auditors, to consider the adequacy of experience, resources, audit fee and any issues regarding resignation or dismissal of the External Auditors and to review the letter of resignation from the External Auditors if applicable and report the same to the Board. The Committee shall review and monitor the suitability and independence and evaluate the performance of the External Auditors for re-appointment and to considering the appointment/ re-appointment of the External Auditor, to consider among others:-
 - (i) the adequacy of the experience and resources of the accounting firm;
 - (ii) the persons assigned to the audit;
 - (iii) the accounting firm's audit engagements;
 - (iv) the size and complexity of the listed issuer's group being audited; and
 - (v) the number and experience of supervisory and professional staff assigned to the particular audit;
- (d) any letter of resignation from the External Auditors;
- (e) whether there is reason (supported by grounds) to believe that the External Auditor is not suitable for re-appointment;

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- (f) the policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the External Auditors;
- (g) the written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
- (h) the problems and reservations arising from the interim and final audits, and any matter the External and Internal Auditors may wish to discuss (in the absence of management where necessary);
- (i) the scope of the internal audit function and satisfy itself that–
 - the person responsible for internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;
 - internal audit has sufficient resources and is able to access information to enable it to carry out its role effectively;
 - the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively; and
 - the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and appropriate action is taken on the recommendations.
- (j) the quarterly results and year-end financial statements, before 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;

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- (k) any related party transaction and conflict of interests situation that may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (l) the Group's acceptable risk appetite and risk measurement parameters;
- (m) the adequacy and effectiveness of Company's risk management framework and policy;
- (n) the principal risks that affect the Group and evaluate the effectiveness and adequacy of risk management and mitigation measures in place; and
- (o) the disclosure with regard to governance and risk management and internal controls of the Company for inclusion in the Annual Report and report the same to the Board.

5.0 MEETINGS

The Committee must meet at least four (4) times a year. Other Board members, senior management, Internal Auditors, representatives of the External Auditors and other authorised officers may attend the meetings upon the invitation from the Committee.

The Chairman of Audit and Risk Management Committee reports the proceedings of meeting to the Board at the Board meeting. However, where a committee member is of the view that a matter has not been satisfactorily resolved resulting in a breach of these Requirements, the Committee must promptly report such matter to the Exchange.

6.0 QUORUM

The quorum of the Committee meeting shall be 2 members of whom the majority of members present shall be Independent Non-Executive Directors.



EKOVEST BERHAD
(Company No. 132493-D)
(Incorporated in Malaysia under the Companies Act, 1965)

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7.0 AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Committee shall prepare an Audit and Risk Management Committee Report at the end of each financial year set out the following in the Annual Report:

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

8.0 REVIEW OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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