

KAMDAR GROUP (M) BERHAD
Registration No. 200201010077 (577740-A)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. COMPOSITION

The Audit and Risk Management Committee (“ARMC”) of Kamdar Group (M) Berhad (“KGMB” or “the Company”) shall be appointed by the Board of Directors from among themselves.

The Board from among its members shall appoint the ARMC that fulfils the following requirements: -

- the ARMC must be composed of not fewer than 3 members;
- all the ARMC members must be non-executive directors, with a majority of them being independent directors; and
- at least one 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 -
 - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (bb) 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
 - iii) fulfils such other requirements as prescribed or approved by Malaysia Securities Berhad (“Bursa Securities”).
- No alternate director shall be appointed as an ARMC member.
- Any person having a relationship which, in the opinion of the Board would interfere with the exercise of independent judgement in carrying out the functions of the ARMC shall not be appointed as an ARMC member.
- The office of an ARMC member shall automatically be vacated when he/she ceases to be a Director of the Company.
- In the event of any vacancy in the ARMC resulting in the non-compliance of items above the Company must fill the vacancy within three (3) months.
- In case a former key audit partner of the Company is being nominated as an ARMC member, he shall observe a cooling-off period of at least three (3) years before being appointed as an ARMC member.
- The Nominating Committee (“NC”) of the Company must review the term of office and performance of the ARMC and each of its the ARMC members annually to determine whether such ARMC and its members have carried out their duties in accordance with their terms of reference (“TOR”).
- All ARMC members should be financially literate.

2. OBJECTIVE

The objective of the ARMC is to assist the Board to fulfil its fiduciary responsibilities relating to risk management and internal controls and in its oversight of the financial and accounting records and policies as well as the integrity of the financial reporting and practices of the Company and its subsidiaries (“Group”).

3. AUTHORITY

The Company shall ensure that wherever necessary and reasonable for the performance of its duties, the ARMC must, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company.

The ARMC shall: -

- i) have authority to discharge its duties and responsibility within its terms of reference.
- ii) have the resources which are required to perform its duties.
- iii) have full and unrestricted access to any information pertaining to the Company.
- iv) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
- v) be able to obtain independent professional or other advice.
- vi) be able to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

4. DUTIES AND RESPONSIBILITIES

The following are the main duties and responsibilities of the ARMC collectively. These are not exhaustive and can be augmented, if necessary, by Board approval:

- Reviewing the quarterly financial results, audited financial statements and annual report of the Group and ensuring, amongst others, that it complies with applicable financial reporting standards prior submission to the Board for consideration and approval.
- Reviewing any changes in the implementation of major accounting policies and practices, major judgemental and risk areas, significant adjustments resulting from audit, going concern assumptions, compliance with accounting standards, compliance with Bursa Securities and other legal requirements.
- Monitoring the integrity of the financial statements of the Group and assess whether the financial reports represent a true and fair view of the Group’s performance and ensure compliance with the regulatory requirements.
- Proposing best practices on the disclosure of financial statements and the annual reports of the Company, to be in line with the recommendations set out in the Malaysian Code of Corporate Governance (“MCCG”) and other applicable rules and regulations.

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- Reviewing the External Auditors' audit plans, its scope of work and nature for the Group.
- Reviewing the External Auditors' findings arising from audits and in particular, the responses and appropriate actions taken by management of the Group.
- Reviewing the evaluation results of the accounting policies and internal control systems within the Group and the assistance given by the officers or the employees of the Group to the External Auditors, including any difficulties or disputes with management encountered during the audit.
- Reviewing the internal audit plan and 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.
- Reviewing and discuss with the Internal Auditors, their audit findings, recommendations, management's responses to the audit findings and the proposed action plans, including those issues arising during the course of audit (in the absence of management, where necessary).
- Reviewing the effectiveness and efficiency of the internal control systems in place and the risk factors affecting the Group as well as the action plans taken by management to resolve the issues to ensure adequacy of the internal control systems.
- Recommending such measures as to be taken by the Board on the effectiveness of the internal control systems and risk management framework and the mitigation actions.
- Evaluating the quality and effectiveness of the Group's internal control systems and management information systems, including in compliance with applicable laws, rules, corporate governance requirements and guidelines.
- Assisting the Board in identifying the principal risks, review and assess the effectiveness of the risk management framework and internal control systems based on the reports and recommendations from the Internal Auditors and report its findings to the Board.
- Reviewing the Group's arrangements with employees and to raise concerns in confidence on the possible wrongdoings in financial reporting or other matters and ensuring these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and reviewing the Group's procedures in detecting fraud.
- Cultivating the awareness of employees and ensure the whistleblower could report directly to the ARMC on any possible wrongdoings or fraud detected.
- Reviewing related party transactions entered into by the Group and any conflict of interest situation that may arise within the Group, if any, and ensure that all transactions are at arms length's basis.
- Reviewing the Statement on Risk Management and Internal Control and Statement on Corporate Governance to ensure adherence to legal and regulatory reporting requirements and appropriate resolutions of all accounting matters requiring significant judgements and recommend the same to the Board for approval.
- Reviewing corporate proposals, if any.

5. SECRETARY

The Company Secretary or his/her nominee shall act as Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary or his/her nominee shall be in attendance at each Committee meeting and record the proceedings of the meeting thereat and minute the resolutions.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Committee at the Registered Office of the Company.

6. MEETINGS

The ARMC shall meet at least four (4) times in each financial year, or more frequently as circumstances dictate. The ARMC may call for additional ARMC meeting as and when necessary, depending on the level of responsibility and complexity of the Group with reasonable notice as the ARMC members deem fit.

The ARMC members may participate in an ARMC meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the ARMC meeting can hear each other. Such participation in an ARMC meeting shall constitute presence in person at such ARMC meeting.

The quorum for each meeting shall be two (2) members. The ARMC at which a quorum is present shall consider to be competent for the exercise of its authorities, powers and discretions vested upon it. If within half an hour from the time appointed for the ARMC meeting, a quorum is not present, the ARMC meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day, time and place as the ARMC members by notice to the other ARMC members appoint.

All decisions at such ARMC meeting shall be decided on a show of hands on a majority of votes. In the case of an equality of votes, the ARMC Chairman shall be entitled to a casting vote.

Meetings of the ARMC shall be called by the Secretary of the Committee at the request of the Chairman of the Committee based on planned calendar dates. Notice of each meeting confirming the venue, time and date, together with an agenda of items and its supporting papers to be discussed, shall be forwarded to each member of the Committee, no later than five (5) days before the date of the meeting.

The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

The Chairman shall report to the Board of Directors on its proceedings after each meeting on matters within its duties and responsibilities. The ARMC shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Internal Auditors, External Auditors, Management, other Director and/or relevant professional/ consultant may be invited to attend where their presence is considered appropriate as determined by the ARMC.

The Internal Auditors and the External Auditors may also request for an ARMC meeting if they consider it is necessary (and/or believe the matter should be brought to the attention of ARMC and/or the Board) and have the right to appear and be heard at any ARMC meeting.

The ARMC shall have the right to meet with the External Auditors without the presence of any executive directors and Management.

The ARMC may establish procedures from time to time to govern its meetings, keeping of its minutes and its administration.

7. CIRCULAR RESOLUTION

In the event the ARMC require matters to be approved by way of a written resolution, a resolution in writing, signed or approved by letter, telegram, telex, telefax or other electronic means by a majority of the ARMC members being entitled to received notice of a meeting of the ARMC, shall be as valid and effectual as if it had been passed at a meeting of the ARMC duly convened and held.

The circular resolution may consist of several documents in like form, each signed by one or more ARMC member(s).

8. REVISION AND/OR UPDATES OF TERMS OF REFERENCE

The Committee should recommend any change to the terms of reference in such manner as the ARMC deems appropriate to the Board of Directors for approval.

The terms of reference shall be assessed, reviewed and updated from time to time where necessary i.e. when there are changes to the Malaysian Code of Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements that may have an effect on the Committee's responsibilities.

The terms of reference shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the roles and responsibilities of the ARMC.