

**VESTLAND BERHAD****AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE****1. PRIMARY PURPOSES**

The Audit and Risk Management Committee ("**Committee**") shall:

- a. Provide assistance to the Board of Directors ("**Board**") of Vestland Berhad ("**Vestland**" or "**Company**") in fulfilling its fiduciary responsibilities on the oversight of the integrity of the accounting and financial reporting for the Company and all its subsidiaries ("**Group**");
- b. Improve the Group's business efficiency, the quality of the accounting function, the system of internal controls and audit function and strengthen the confidence of the public in the Group's reported results;
- c. Maintain oversight of the establishment and implementation of risk identification, assessment and management program of the Group and to provide timely input to management on critical risk issues;
- d. Maintain through regularly scheduled meetings, a direct line of communication between the Board, the management and the external auditors as well as internal auditors;
- e. Enhance the effectiveness and independence of both the external and internal auditors' functions through active participation in the audit process;
- f. Review and assess the suitability, objectivity and independence of external auditors;
- g. Strengthen the role of the independent directors by giving them a greater depth of knowledge as to the operations of the Group through their participation in the Committee; and
- h. Act upon the Board's request to investigate and report on any issues or concerns with regard to the management of the Group.

**2. MEMBERS**

The members of the Committee shall be appointed by the Board from amongst the Directors of the Company, which fulfils the following requirements:

- a. The Committee shall comprise of at least three (3) members;
- b. The Committee shall comprise of Non-Executive Directors, with a majority of them being Independent Non-Executive Directors;
- c. The Chairman of the Board must not be a member/chairman of the Committee;
- d. The Committee shall elect a Chairman amongst its members and the elected Chairman shall be an Independent Non-Executive Director;

- e. Former key audit partner<sup>(1)</sup> of the Group shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee;

Note:

<sup>(1)</sup> *The former key audit partner means the engagement partner, the individual responsible for the engagement of quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgements on significant matters with respect to the audit of the financial statements on which the auditor will express an opinion. This applies to all former partners of the audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc.)*

- f. All members of the Committee should be financially literate and have sufficient understanding of the Company's business and must be able to read, analyse, interpret and understand financial statements, and ask pertinent questions about the Company's reporting process;
- g. At least one (1) of the members of the Committee must:
- (i) be a member of the Malaysian Institute of Accountants ("MIA"); or
  - (ii) if not a member of the MIA, he/she must have at least three (3) years working experience; and
    - must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    - 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) fulfils such other requirements as prescribed by the Bursa Malaysia Securities Berhad ("**Bursa Securities**");
- h. No alternate director is appointed as a member of the Committee;
- i. All members of the Committee shall possess wide range necessary skills to discharge his/her duties;
- j. All members of the Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules;
- k. The term of office, the effectiveness and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually to determine whether the Committee and its members have carried out their duties in accordance with this terms of reference of the Committee; and
- l. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall based on the recommendation of the Nomination Committee, within three (3) months from the occurrence date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

**3. AUTHORITY**

The Committee shall in accordance with the procedure or process determined by the Board and at the cost and expense of the Group:

- a. have explicit authority to investigate any matter within this terms of reference of the Committee;
- b. have the resources which are required to perform its duties as set out in this terms of reference of the Committee or any statute or laws;
- c. have full and unrestricted access to any information pertaining to the Group;
- d. have direct communication channels with the external auditors and the internal auditors of the Group;
- e. be able to obtain independent/external professional or other advice and to secure the attendance of outsiders with relevant experience and expertise, if necessary;
- f. be able to invite outsiders with relevant experience to attend its meetings, whenever deemed necessary; and
- g. 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.

Notwithstanding anything contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Group.

**4. FUNCTIONS AND DUTIES**

The functions and duties of the Committee are as follows:

Financial and Audit related matters

- a. To review the following and report the same to the Board of the Company:
  - with the external auditor, the audit plan;
  - with the external auditor, his/her evaluation of the system of internal controls and accounting policies;
  - with the external auditor, his/her audit report; and
  - the assistance given by the employees of the Company and the Group to the external auditor or disputes with management encountered during the audit.

- b. To do the following and report the same to the Board of the Company, in relation to the internal audit function:
- review the adequacy of the internal audit plan, scope, functions, competency and resources of the internal audit function, and whether it has the necessary authority to carry out its work independently and objectively; and
  - review the internal audit programme, processes and results of the internal audit programme, the effectiveness of the internal audit function, processes or investigation undertaken and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function.tr
  - To review the performance appraisal/assessment of the internal auditors
- c. To review the quarterly results and annual financial statements of the Company before the approval by the Board, focusing particularly on:
- any change in or implementation of major accounting policy;
  - significant adjustment arising from the audit;
  - any significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
  - the going concern assumption and major judgement areas; and
  - compliance with accounting standards and other legal requirements.
- d. To review any related-party transactions and potential conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- e. To monitor and ensure that proper processes and procedures are in place to comply with all laws, regulations and rules (including relevant tax laws, regulations and rules) established by all relevant regulatory bodies;
- f. To consider and report the same to the Board of the Company the appointment, nomination, resignation and dismissal of external auditors and their respective audit fees;
- g. To review and report the same to the Board of the Company on the following:
- the policies and procedures for assessment of suitability, objectivity, and independence of external auditors; and
  - the policies and procedures governing the provision of non-audit services by external auditors;
- h. To review any letter of resignation from the external auditors of the Company;
- i. To review and report the same to the Board of the Company whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;

- j. To recommend the nomination of a person or persons as external auditors of the Company;
- k. To discuss with the external auditor before the audit commences, the nature and scope of the audit, competency and resources of the external audit and ensure co-ordination where more than one audit firm is involved;
- l. To review and discuss any management letter sent by the external auditors to the Company and the management's response to such letter;
- m. To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
- n. To review all financial related reports/statements as required by the ACE Market Listing Requirements ("**Listing Requirements**"), for inclusion in the Annual Report of the Company; and
- o. To review the allocation of options pursuant to the share issuance scheme (if any) and make such statement to be included in the Annual Report of the Company in relation to an employees' share options scheme (if any).
- p. To oversee the internal control framework to ensure operational effectiveness and adequate protection of the Group's assets.

#### Risk Management related matters

- a. To review all areas of significant risk and the arrangements in place to contain those risks to acceptance levels;
- b. To oversee on the establishment and implementation of a risk management framework, policies, which include identifying, managing, monitoring, treating and mitigating significant risks relating the Group, to ensure the adequacy of risk management policy and infrastructure of the Group;
- c. To review the Group's risk profiles and evaluate the measures taken to mitigate the business risks of the Group;
- d. To evaluate the effectiveness of the Enterprise Risk Management structure and support system to identify, assess, monitor and manage the Group's key risks and to ensure it is continuously improved as the business environment changes;
- e. To review the Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company, and recommend for approval by the Board;
- f. To ensure that the key risks relating to the Group are effectively managed in accordance with the Group's risk management policies and strategies;

- g. To review the adequacy of resources for managing the risk management framework;
- h. To report to the Board with such recommendations as the Committee deemed appropriate; and
- i. To carry out other responsibilities, functions or assignments as may be mutually agreed by the Committee and the Board from time to time.

Others related matters

- a. to assist the Board in applying principles and good practices of corporate governances sustainability and corporate responsibility towards the Group's stakeholders and to ensure compliance with applicable regulatory and legal requirement.

**5. RESPONSIBILITY**

To report to Bursa Securities on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

**6. MEETINGS**

- a. The Committee shall meet at least four (4) times in a year or more frequently as circumstances required with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities;
- b. Any question arising at any meeting of the Committee shall be decided by a majority of votes, each member of the Committee having one (1) vote and a determination by a majority of the members of the Committee shall for all purposes be deemed a determination of the members of the Committee. In the event of an equality of votes, the Chairman is entitled to a second or casting vote;
- c. The Chairman of the Committee shall convene a meeting of the Committee to meet the external auditors or the internal auditors or both without any Executive Directors and the employees of the Company present, whenever deemed necessary, to consider matters which should be brought to the attention of the Directors or shareholders;
- d. In the event the elected Chairman is not able to attend a meeting, a member of the Committee shall be nominated as Chairman for the meeting.
- e. The external auditors and internal auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee as and when required by the Committee;

- f. The Committee may invite any Board member or any member of management or any employee of the Company who the Committee thinks fit to attend its meetings to assist and to provide pertinent information as necessary;
- g. The Company must ensure that other Directors and employees attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting;
- h. The Committee may participate in a meeting of the Committee by means of conference telephone, conference videophone or any similar or other communication equipment 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; and
- i. A resolution in writing signed or approved by facsimile, letter, telegram, telex or telefax or other written electronic communications by majority members of the Committee and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. All such resolutions shall be described as "Committee Members' Resolutions in Writing" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by the Secretary in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Committee members.

## **7. QUORUM**

The quorum of the meeting shall consist of not less than two (2) members; majority of members present must be Independent Non- Executive Directors.

## **8. NOTICE OF MEETINGS**

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than seven (7) days before the date of the meeting, except in the case of an emergency, where reasonable notice of every Committee meeting shall be given in writing. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

## **9. SECRETARY AND MINUTES**

- a. The Company Secretary or other appropriate senior management shall be the Secretary to the Committee;
- b. The Secretary to the Committee shall be responsible, in conjunction with the Chairman of the Committee, for drawing up the agenda and other supporting explanatory documentation for circulation to the members of the Committee prior to each meeting;

- c. The Secretary to the Committee will also be responsible for keeping the minutes of the meetings of the Committee, and circulating them to members of the Committee and to other members of the Board; and
- d. The Secretary to the Committee shall ensure that the minutes are properly kept at the registered office of the Company and produced for inspection by any Committee member or Board member, if required.

**10. REVIEW OF THE COMPOSITION OF THE COMMITTEE**

The term of office and performance of the Committee and each of the members shall be reviewed by the Nomination Committee annually to determine whether the Committee and its members have carried out their duties in accordance with this terms of reference of the Committee.

**11. PUBLISHED AT THE WEBSITE**

This written terms of reference of the Committee will be made available on the Company's website.

**12. REVIEW OF WRITTEN TERM OF REFERENCE**

Any amendments to this term of reference of the Company shall be approved by the Board. These terms of reference will be reviewed annually and as and when required in accordance with the needs of the Company and based on any new regulations that may have an impact on the discharge of the Committee's responsibilities.