



## CENTRAL GLOBAL BERHAD

201801036114 (1298143-T)

---

### TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

---

#### MEMBERS

**Ms. Tan Suat Hoon** (Chairperson, Independent Non-Executive Director)

**Mr. Lee Swee Meng** (Independent Non-Executive Director)

**Encik Sahari bin Ahmad** (Independent Non-Executive Director)

#### Membership

The Audit and Risk Management Committee shall be appointed by the Board of Directors from amongst their number and shall be composed not fewer than three (3) members. All the members of the Committee must be Non-Executive Directors, with a majority of them being Independent Directors. Alternate Directors must not be appointed as members of the Committee. No former audit partner of the Company's external auditors shall be appointed to the Committee unless he has observed a cooling off period of at least three (3) years before being appointed as member of this Committee. All members of the Committee shall be financially literate and at least one of the members of the Committee:-

- i) must be a member of the Malaysian Institute of Accountants (MIA); or
- ii) if he is not a member of MIA
  - a) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 and have at least three (3) years working experience; or
  - b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of Accountants Act 1967 and have at least three (3) years working experience; or
- iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Committee shall elect a Chairperson from amongst their number who shall be an Independent Director. The Chairman elected shall be subject to endorsement by the Board. If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

#### Notice of Meeting and Attendance

The agenda for Audit and Risk Management Committee meetings shall be circulated before each meeting to members of the Committee. The quorum for meetings of the Committee shall be two (2) members with the majority of members present being independent directors.

The Committee may require the external and/or internal auditors and any officers of the Company to attend any of its meetings as it determines. The external auditors shall have the right to appear and be heard at any meeting of the Audit and Risk Management Committee and shall appear before the Committee when required to do so by the Committee.

The head of finance, the head of internal audit and a representative of the internal or external auditors shall normally attend meetings. Other Board members may attend meetings upon the invitation of the Committee. The Committee shall meet with the external auditors without executive board members present at least once a year.

The Company Secretary of the Company shall be the Secretary of the Committee.

### **Frequency of Meetings**

Meetings of the Audit and Risk Management Committee shall be held not less than four (4) times a year. Upon request of any of its members, the internal or external auditors, the Chairman of the Audit and Risk Management Committee shall convene a meeting of the Committee.

### **Authority**

In carrying out their duties and responsibilities, the Audit and Risk Management Committee shall:

- a) have explicit authority to investigate any matters within its terms of reference, the resources to do so, and full access to information, including assigning a competent person or function to be responsible for all anti-corruption compliance matters;
- b) have full and unrestricted access to any information pertaining to the Group;
- c) have direct communication channels with the External and Internal Auditors, as well as employees of the Group;
- d) be able to obtain independent professional or other advice if it deems necessary; and
- e) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

### **Duties**

The duties of the Committee shall be:

- 1) To review with the external auditors:
  - the audit plan;
  - the evaluation of the system of internal accounting controls;
  - problems and reservation arising from their audits; and
  - the audit report on the financial statements.
- 2) To review the assistance given by the employees of the Company to the external and internal auditors;
- 3) To review the external auditors' management letter and management response;
- 4) To review the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
  - a) Changes in or implementation of major accounting policy changes;
  - b) Significant and unusual events;
  - c) Significant adjustments arising from audit;
  - d) The going concern assumption; and
  - e) Compliance with accounting standards and other legal requirements.
- 5) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- 6) To review the internal audit programme, processes, results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken regarding the recommendations of the internal audit function;
- 7) To review any related party transactions 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;

- 8) To consider the nomination/appointment, remuneration and resignation or dismissal of the auditors;
- 9) To review the risk profile of the Company and establish risk management processes that should be adopted and develop appropriate strategy, guidelines and policies for implementation;
- 10) Conduct and review of corruption risk assessment at least every 3 years pursuant to Malaysian Anti-Corruption Commission Act 2009 in order to provide assurance that the Group is operating in compliance with its policies and procedures in relation to corruption;
- 11) To promptly report to Bursa Malaysia Securities Berhad if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Listing Requirements;
- 12) To verify the allocation of options pursuant to a share scheme for employees at the end of each financial year in relation to Chapter 8, Paragraph 8.17 of Bursa's Listing Requirements;
- 13) To oversee compliance with laws and regulations and observance of a proper code of business conduct which is in accordance with Code of Conduct;
- 14) To maintain and review the whistleblowing mechanism of the Group which shall be in accordance with Whistleblower Policy, as well as an effective and efficient set of investigation procedures, which aims to provide protection and confidentiality;
- 15) To have the resources which are required to perform its duties, including assigning a competent person or function to be responsible for all anti-corruption compliance matters;
- 16) To direct and, where appropriate, supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts (including prompt reporting to the Board and acted upon); and
- 17) To review such other functions as may be agreed to by the Committee and the Board of Directors from time to time. The Terms of Reference of the Committee is published on the Company's website at [www.cgbgroup.com.my](http://www.cgbgroup.com.my) in line with Paragraph 15.11 of MMLR.

#### **Review of the Terms of Reference**

The terms of reference shall be reviewed by the Committee as and when required. All amendments to the terms of reference must be approved by the Board.