



A member of **UEM** 

**PLUS MALAYSIA BERHAD**  
(Company No.: 923639-A)

**TERMS OF REFERENCE  
OF THE  
AUDIT COMMITTEE**

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**PLUS MALAYSIA BERHAD**

**AUDIT COMMITTEE ("AC")**

**TERMS OF REFERENCE**

**1.0 OBJECTIVES OF THE AUDIT COMMITTEE**

- 1.1 The objectives of the Audit Committee ("AC") are to assist the Board of Directors ("Board") of PLUS Malaysia Berhad ("PMB" or "Company") in discharging its oversight responsibilities by reviewing the integrity and adequacy of the Company's and its subsidiary companies' ("Group") internal controls, financial reporting process and management information systems, including related party transactions and systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- 1.2 The AC shall reinforce the independence of the external auditors, assure that they will have free rein in the audit process and provide a line of communication between the Board and the external auditors.
- 1.3 The AC shall enhance the internal audit function by increasing the objectivity and independence of the internal auditors and provide a forum for discussion that is independent of the management. The quality of the audits conducted by the internal and external auditors of the Company shall be reviewed by the AC.
- 1.4 The AC shall encourage high standards of corporate disclosure and transparency. The AC will endeavour to adopt certain practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to the Company's shareholders.

**2.0 COMPOSITION OF THE AUDIT COMMITTEE**

**2.1 Members**

- 2.1.1 The AC shall be appointed by the Board from amongst their numbers or any individual that the Board deem suitable, which fulfils the following requirements:
  - i. The composition of the AC must not be less than three (3) Members;
  - ii. All members of the AC must be financially literate;
  - iii. No alternate director shall be appointed as a member of the AC; and
  - iv. In the event of any vacancy in the AC, the Board must fill the vacancy within 3 months.

- 2.1.2 The members of the AC shall elect a Chairman from among themselves who shall be an Independent Director. Members of the AC, including the Chairman, will hold office only so long as they serve as Directors of PMB and its subsidiary companies.

## **2.2 SECRETARY**

- 2.2.1 The Company Secretary or Company Secretaries (if there are more than 1) of PMB and/or their representative shall be the Secretary(ies) of the AC.

## **3.0 DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE**

The following are the main duties and responsibilities of the AC collectively:

### **3.1. Corporate Financial Reporting**

- 3.1.1 Review the quarterly interim results and annual financial statements of the Company and the Group prior to approval by the Board, focusing particularly on:

- i. Any significant changes in accounting policies and practices and its implementation;
- ii. Significant adjustments arising from the audit;
- iii. The going concern assumption; and
- iv. Compliance with accounting and financial reporting standards and other legal requirements.

- 3.1.2 Review with Management and the external auditors the results of the audit, including any difficulties encountered.

- 3.1.3 Review the Audit Committee Report, Statement on Internal Control and Statement on Corporate Governance to be included in the annual report and recommend for approval by the Board, if applicable.

### **3.2. Internal Controls**

- 3.1.1 Oversee the Company's internal controls structure to assure operational effectiveness and efficiency, reduce the risk of unreliable financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance.

- 3.1.2 Monitor systems and procedures, with external and internal auditors, which are designed to provide a satisfactory and effective level of internal controls, asset protection and management information.
- 3.1.3 Monitor the PMB Group's operations via appropriate internal audit reviews, to ascertain if adequate attention is given to attributes of efficiency, effectiveness and economy.
- 3.1.4 Assist the Board in setting appropriate policies on internal control system and ensure that the system is functioning adequately and that its integrity is maintained in managing the risks of the Company and companies within the Group.

### **3.3. Internal Audit**

- 3.3.1 Consider the major findings of internal investigations and Management's response.
- 3.3.2 Review the extent to which internal audit recommendations are implemented and the timeliness of responses received.
- 3.3.3 Review internal audit performance and effectiveness to ensure consistency with the approved plans, the internal audit plans and relevant professional standards.
- 3.3.4 Review the adequacy of the scope, functions, competency and resources of the Internal Audit function and that it has appropriate standing within PMB and its subsidiary companies to undertake its activities independently and objectively, including but not limited to the following:
  - i. Reviewing and approving the Annual Internal Audit Plan and ensuring adequate risk and governance coverage;
  - ii. Reviewing the results of the internal audit process and where necessary ensuring that appropriate actions are taken on the recommendations of the internal auditors;
  - iii. Reviewing the overall performance of the Internal Audit function;
  - iv. Approving any appointment or termination of the party that provides the internal audit function; and
  - v. Taking cognisance of resignations of senior internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning.

### **3.4. External Audit**

- 3.4.1 Review with external auditors, their audit report.
- 3.4.2 Recommend to the Board on the appointment and annual reappointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of the audit.
- 3.4.3 In addition to the above, the AC shall approve and monitor the extent of non-audit services to be provided by the external auditors to ensure that the provision of non-audit services does not impair their independence or objectivity. For avoidance of doubt, non-audit services include, among other services, services pertaining to:
  - i. Accounting consultations related to accounting, financial reporting or disclosure matters not otherwise classified as "audit services";
  - ii. Assisting with understanding and implementing new accounting and reporting guidance from rulemaking authorities;
  - iii. Financial audits of employee benefit plans;
  - iv. Agreeing upon expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters;
  - v. Reviewing profit forecast, proforma balance sheet and Accountant's Report in relation to capital market transactions or corporate exercises; and
  - vi. Reviewing interim audit.
- 3.4.4 All proposals to engage the external auditors to provide the above non-audit services are to be submitted by the Chief Financial Officer [in consultation with the Managing Director] to the AC and the external auditor will submit a statement indicating that the performance of such services is consistent with prevailing rules and regulations on auditor independence.
  - i. Review with the external auditors before the audit commences, the nature and scope of the audit as well as audit plan and ensure coordination where more than one audit firm are involved;
  - ii. Discuss problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss in the absence of the management where necessary;

- iii. Review the external auditors' management letter and Management's response;
- iv. Review with the external auditors the draft statement to be made by the Board with regard to the state of internal control of the Company and its Group and report the results thereof to the Board; and
- v. Review any letter of resignation from the external auditors and any questions of resignation or dismissal.

### **3.5. Others**

- 3.5.1 Review the assistance and co-operation given by the Company and its Group's officers to the external and internal auditors.
- 3.5.2 Review any related party transaction and conflict of interest situations that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of Management's integrity.
- 3.5.3 Consider other matters as defined by the Board.
- 3.5.4 The AC shall be notified on whistleblowing investigations performed by Internal Audit or any investigating parties, if required.

#### **4.0 POWERS OF AUDIT COMMITTEE**

- 4.1 In carrying out its duties and responsibilities, the AC will have the following rights:
- 4.1.1 Explicit authority to investigate any matter within its terms of reference and to appoint such investigator(s), as appropriate.
  - 4.1.2 The resources that are required to perform its duties.
  - 4.1.3 Full, free and unrestricted access to any information, records, properties and personnel of PMB and of any other company within its Group.
  - 4.1.4 Direct communication channels with:
    - i. The external auditor;
    - ii. The person(s) carrying out the internal audit function or activity; and
    - iii. The person (s) carrying out integrity function or activity.
  - 4.1.5 Be able to obtain independent professional or other advice and to invite outsiders with relevant expertise to attend the AC's meetings (if required) and to brief the AC.
  - 4.1.6 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.
  - 4.1.7 The attendance of any particular AC meeting by other Directors and employees of the Company shall be at the AC's invitation and discretion and must be specific to the relevant meeting.

#### **5.0 AUDIT COMMITTEE MEETINGS**

- 5.1 The AC will meet at least four (4) times in each financial year although additional meetings may be called at any time, at the discretion of the AC Chairman.
- 5.2 The quorum for each meeting shall consist of at least two (2) members.
- 5.3 Recommendations of the AC are submitted to the Board for approval.
- 5.4 The Secretary(ies) of the AC and/or their representatives shall be in attendance at all AC meetings and record the proceedings of the meeting thereat.
- 5.5 Minutes of each meeting shall be kept as part of the statutory record of the Company upon adoption by the AC.



- 5.6 A resolution in writing signed and approved by all the AC members who may at the time be present in Malaysia and who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting of the AC duly called and constituted. All such resolutions shall be forwarded or otherwise delivered to the Secretaries of the AC without delay and shall be recorded by them in the Company's Minute Book. Any such resolution may consist of several documents in like form each signed by one or more AC members.
- 5.7 A meeting of the AC may be held by means of telephone, video conference or telephone conference or other telecommunication facilities, which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.
- 5.8 The Managing Director and/or other appropriate officer may be invited to attend where their presence is considered appropriate as determined by the AC Chairman.
- 5.9 The internal and/or external auditors have the right to appear and be heard at any meeting of the AC and are recommended to attend each AC meeting.
- 5.10 Upon the request of the auditor(s), the AC Chairman shall also convene a meeting of the AC to consider any matter the auditor(s) believes should be brought to the attention of the Board or the shareholders.
- 5.11 The AC shall meet with external auditors without the presence of the executive board members and management at least twice a year, and whenever deemed necessary.

## **6.0 AUDIT COMMITTEE REPORT *(If applicable)***

- 6.1 The Board is required to prepare an AC Report at the end of each financial year to be included and published in the annual report of the Company. The said report should include the following:
- 6.1.1 The composition of the AC including the name, designation (indicating the Chairman) and directorship of the Members (whether the Directors are non-executive, independent or otherwise) and the details of the relevant training attended by each director;
- 6.1.2 The terms of reference of the AC;
- 6.1.3 The number of AC meetings held during the financial year and details of attendance of each AC member;
- 6.1.4 A summary of the activities carried out by the AC in the discharge of its functions and duties for that financial year of the Company;

- 6.1.5 A summary of the activities of the Internal Audit function; and
- 6.1.6 The identity of the Head of the Internal Audit function who reports directly to the AC.

## **POSITION DESCRIPTIONS**

### **7.0 CHAIRMAN OF THE AUDIT COMMITTEE**

- 7.1 The following are the main duties and responsibilities of the Chairman of the AC:
  - 7.1.1 Helps the AC fulfil the goals it sets by assigning specific tasks to members of the AC and identifies guidelines for the conduct of the members and ensures that each member is making a significant contribution;
  - 7.1.2 Engages with the Secretary(ies) of the AC on matters related to its Terms of Reference and its responsibilities under the rules and regulations to which it is subject to and how those responsibilities should be discharged. The compliance advice should extend to embrace all laws and regulations and not merely the routine filing requirements and other administrative requirements of the Companies Act, 2016 (including of any amendments thereto);
  - 7.1.3 Provides a reasonable time for discussion at the meeting. Organises and presents the agenda for regular or special AC meetings based on input from members and ensures that all relevant issues are on the agenda. In addition, the Chairman should encourage debate on the issue before the AC;
  - 7.1.4 Provides leadership to the AC and ensures proper flow of information to the AC, reviewing the adequacy and timing of documentation;
  - 7.1.5 Secures good corporate governance and ensures that members look beyond their AC functions and accept their full share of responsibilities in support of Management's proposals;
  - 7.1.6 Manages the processes and workings of the AC and ensures that the AC discharges its responsibilities in accordance with the Terms of Reference. Appropriate procedures may involve the AC meeting on a regular basis without the presence of the Management;
  - 7.1.7 Ensures that every AC resolution is put to a vote to ensure that it is the will of the majority that prevails; and

- 7.1.8 Engages on a continuous basis with senior management, such as the Chairman, Managing Director, the Chief Financial Officer, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Company.

## **8.0 AUDIT COMMITTEE MEMBERS**

- 8.1 Each AC member is expected to:

- 8.1.1 Provide individual external independent opinions to the fact-finding, analysis and decision-making process of the AC, based on his/her experience and knowledge;
- 8.1.2 Consider viewpoints from the other AC members; make decisions and recommendation for the best interests of the Board collectively; and
- 8.1.3 Keep abreast of the latest corporate governance guidelines and best practices in relation to the AC and the Board as a whole.

## **9.0 REVISION OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

- 9.1 Any revision or amendment to the Terms of Reference, as proposed by the AC or any third party, shall first be presented to the Board for its approval.
- 9.2 Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and it shall be considered duly revised or amended.
- 9.3 The Terms of Reference shall also be reviewed and updated when there are changes to the direction or strategies of the PMB and its Group that may affect the AC's role as a whole.