

UNITED U-LI CORPORATION BERHAD
[200001008131 (510737-H)]

AUDIT AND RISK MANAGEMENT COMMITTEE

Version 2020.1 approved by the Board on 27 February 2020

UNITED U-LI CORPORATION BERHAD
Company No. 200001008131 (510737-H)

(Incorporated in Malaysia)

Terms of Reference of Audit and Risk Management Committee

INTRODUCTION / KEY OBJECTIVE

This Terms of Reference of Audit and Risk Management Committee (“the Committee”) is established pursuant to the Listing Requirements and approved by the Board

[Paragraph 3.05,
Listing Requirements](#)

[Paragraph 15.11,
Listing Requirements](#)

The purpose of the Committee is to assist the Board in ensuring the effective governance over the appropriateness of the financial reporting of United U-Li Corporation Berhad and its subsidiary companies (“the Group”), including the adequacy of related disclosures, the performance of both the internal audit function and the external auditor, and the oversight over the Group’s systems of internal and external controls, business risks and related compliance activities.

MEMBERSHIP

- 1) The Committee shall be appointed by the Board of Directors amongst the Directors and shall consist of not less than three (3) members, all of whom must be Non-executive Directors, with majority of them being Independent.
- 2) The Chairman who shall be elected by the Committee must be an Independent Non-executive Director.
- 3) The Chairman of the Committee is not the Chairman of the Board to enable the Committee Chairman provide full commitment and devote adequate time to matters under the responsibilities of the Committee and to exercise independent Judgement.
- 4) No alternate Director shall be appointed as a member of the Committee.
- 5) The Board shall at all times ensure that at least one (1) member 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, he must have at least three (3) years working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - he 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 or approved by Bursa Securities.
- 6) The company secretary shall act as secretary of the Committee.
- 7) Any former key audit partner of the Group shall observe a cooling-off period of at least two (2) years before being appointed as a member of the Committee.
- 8) In the event a member of the Committee resigns, dies of for any other reason ceases to be a member, resulting in the above-mentioned Committee membership condition not being fulfilled, the Board shall within three (3) months of that event appoint such member of new members as may be necessary to fulfill the requirements.

[Paragraph 15.09\(1\),
Listing Requirements
Practice 8.4, MCCG](#)

[Paragraph 15.10,
Listing Requirements](#)

[Practice 8.1, MCCG](#)

[Paragraph 15.09\(2\),
Listing Requirements](#)

[Paragraph 15.09\(1\)\(c\),
Listing Requirements](#)

[Practice 8.2, MCCG](#)

[Paragraph 15.19,
Listing Requirements](#)

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MEETINGS AND REPORTING PROCEDURES

- 1) The Committee shall convene meeting at least four (4) times a year, or more frequently as the Committee considers necessary. The Chairman of the Committee, or the secretary on the requisition of any members, the head of internal audit or the external auditors, shall at any time summon a meeting by giving reasonable notice.
- 2) A quorum shall be two (2) members present and majority of which must be Independent Directors. [Paragraph 15.18, Listing Requirements](#)
- 3) The chief financial officer and the company secretary, the head of internal audit and a representative of the external auditors shall normally be invited to attend the meetings but may be requested to leave a meeting as and when deemed necessary by the Committee. Other Board members and senior management staff may attend meetings upon the invitation of the Committee. However, the Committee shall meet the external auditors without any executive Directors and employees present at least once a year.
- 4) The secretary shall draw up an agenda for each meeting, in consultation with the chairman of the Committee. The agenda shall be distributed to all members of the Committee and head of internal audit as well as external auditors before the meeting together with supporting papers. The minutes of the meeting of the Committee shall be signed by the Chairman and circulated to all members of the Board. The Chairman of the Committee shall report on each meeting to the Board and all recommendations of the Committee shall be submitted to the Board for approval.
- 5) The Committee may also deal with matters by way of circular resolutions.

AUTHORITY

[Paragraph 15.17, Listing Requirements](#)

The Committee is authorised by the Board and at the cost of the Company to:-

- Investigate any activity within its Terms of Reference;
- Have the internal audit function report directly to the Committee;
- Have the resources required to perform its duties;
- Have full and unrestricted access to any information pertaining to the Company or the Group for the purpose of discharging its functions and responsibilities;
- have direct communication channels with the external and internal auditors;
- obtain external legal or other independent advice as necessary; and
- to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

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RESPONSIBILITIES AND DUTIES

Paragraph 15.12,
Listing Requirements

The responsibilities and duties of the Committee shall include the following:

Practice 10.1, MCCG

1) Corporate Financial Reporting

Practice 10.2, MCCG

- i) to review and recommend acceptance or otherwise of accounting policies, principles and practices;
- ii) to review the quarterly and annual financial statements of the Group and the Company for recommendation to the Board of Directors for approval, focusing particularly on:
 - any changes in or implementation of new accounting policies and practices;
 - major judgemental areas, significant and unusual events;
 - significant adjustments arising from the audit;
 - the going concern assumptions; and
 - compliance with the applicable approved accounting standards in Malaysia, Listing Requirements of the Bursa Securities and other legal and statutory requirements.
- iii) to review with the management and the external auditors the results of the audit, including any difficulties encountered.

Practice 8.3, MCCG

2) Corporate Risk Management

- i) to review the adequacy of and to provide reasonable assurance to the Board of the effectiveness of risk management functions of the Group; and
- ii) to ensure that the principal and requirements of managing risk are consistently adopted throughout the Group.

3) Internal Control

- i) to assess the quality and effectiveness of the systems of the internal control and the efficiency of the Group's operations;
- ii) to review the findings on the internal control in the Group by internal and external auditors; and
- iii) to review and approve the Statement on Internal Control for the annual report as required under Listing Requirements of Bursa Securities.

4) Internal Audit

- i) to approve the corporate audit charters of internal audit functions in the Group;
- ii) to ensure that the internal audit functions have appropriate standing in the Group and have the necessary authority and resources to carry out their work. This includes a review of the organizational structure, resources, budgets and qualifications of the internal audit personnel;
- iii) to review internal audit reports and management's response and actions taken in respect of these and report to the Board accordingly;

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- iv) to review the adequacy of the scope, functions and resources of the internal auditors and whether it has the necessary authority to carry out its work;
- v) to be informed of resignations and transfer of senior internal audit staff and providing resigning/ transfer staff an opportunity in expressing their view; and
- vi) to direct any special investigation to be carried out by internal audit.

5) External Audit

- i) to consider the appointment, resignation and dismissal of external and their audit fee;
- ii) to review the external audit reports, major findings and management's responses and actions taken thereto. Where actions are not taken within an adequate time frame by the management, the Committee will report the matter to the Board; and
- iii) to review the nature and scope of the audit by external auditors before commencement.

6) Corporate Governance

- i) to review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) any instances of non-compliance;
- ii) to review the findings of any examinations by regulatory authorities;
- iii) to consider any related party transaction and conflict of interest that may arise within the Group including any transaction, procedure or course of conduct that raises questions of integrity;
- iv) to review and approve the Statement of Corporate Governance for the annual report as required under the Listing Requirements of Bursa Securities;
- v) to examine instances and matters that may have compromised the principles of Corporate Governance and report back to the Board;
- vi) to review the investor relations programme and shareholder communication policy for the Company;
- vii) to develop and regularly review the Group's code of Corporate Governance and business ethics;
- viii) where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach of the Listing Requirements of Bursa Securities, the Committee must promptly report such matters to Bursa Securities; and
- ix) any such other functions as may be agreed by the Committee and the Board.

DISCLOSURE


The Committee shall assist the Board in making the required disclosure concerning the activities of the Committee for inclusion in the Annual Report.

REVIEW OF TERMS OF REFERENCE


This Terms of Reference will be reviewed annually to ensure that it continues to reflect the requirements of the Company to meet its commitments towards good corporate governance practices and each of its members to determine whether the Committee and its members carried out their duties in accordance to the Terms of Reference.

All amendment to the Terms of Reference of the Committee must be approved by the Board of the Company.

Approved by Board:-



TAN SRI DATO' SERI UTAMA
HAJI ISMAIL BIN HAJI OMAR



TAN SRI DATO' WIRA
LEE YOON WAH



DATO' LEE YOON KONG



TEOW LAI SENG



SHARIFF BIN MOHD SHAH



CHIM WAI KHUAN

Document Version Control since 2019

Document Version	Date approved by the Board	Committee Members
Version 1	27 February 2019	Chim Wai Khuan Shariff Bin Mohd Shah Tan Sri Dato' Seri Utama Haji Ismail Bin Haji Omar
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