



UNITED U-LI CORPORATION BERHAD
[Registration No. 200001008131 (510737-H)]

AUDIT AND RISK MANAGEMENT COMMITTEE

Version 2021.2 approved by the Board on 21 December 2021

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(Incorporated in Malaysia)

Terms of Reference of Audit and Risk Management Committee

<p>1.</p>	<p><u>INTRODUCTION</u></p> <p>The Audit and Risk Management Committee was formed by the Board of Directors (“the Board”) of United U-Li Corporation Berhad (“ULICORP” or “the Company”).</p> <p>This Terms of Reference of Audit and Risk Management Committee (“ARMC” or “the Committee”) is established pursuant to the Listing Requirements, Malaysian Code on Corporate Governance and approved by the Board.</p> <p>The purpose of the Committee is to assist the Board in ensuring the effective governance over the appropriateness of the financial reporting of ULICORP 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.</p>	<p>Paragraph 3.05, MMLR Clause 192, CC</p> <p>Paragraph 15.11, MMLR</p>
<p>2.</p>	<p><u>DEFINITIONS</u></p> <p>In this Terms of Reference, unless the context otherwise requires, the following abbreviations shall have the meanings set forth opposite such expressions:-</p> <p>Bursa Securities : Bursa Malaysia Securities Berhad</p> <p>CC : Company’s Constitution</p> <p>Co Act : Companies Act, 2016</p> <p>ULICORP or the Company : United U-Li Corporation Berhad</p> <p>MCCG : Malaysian Code on Corporate Governance</p> <p>MMLR : Main Market Listing Requirements</p> <p>Words importing the masculine gender only, include the feminine gender;</p>	
<p>3.</p>	<p><u>COMPOSITION</u></p> <p>3.1 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.</p> <p>3.2 The Chairman who shall be elected by the Committee must be an Independent Non-Executive Director.</p>	<p>Paragraph 15.09(1), MMLR</p> <p>Practice 9.4, MCCG</p> <p>Paragraph 15.10, MMLR</p>

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	<p>3.3 The Chairman of the Committee is not the Chairman of the Board. This is to ensure that the Chairman of the Committee is able to provide full commitment and devote adequate time to matters under the responsibilities of the Committee and to exercise independent judgement.</p> <p>3.4 No alternate Director shall be appointed as a member of the Committee.</p> <p>3.5 The Board shall at all times ensure that at least one (1) member of the Committee:</p> <p>I. must be a member of the Malaysian Institute of Accountants (“MIA”); or</p> <p>II. if he is not a member of MIA, he must have at least three (3) years of working experience and:</p> <ul style="list-style-type: none"> • 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 <p>III. fulfils such other requirements as prescribed or approved by Bursa Securities.</p> <p>3.6 The Company Secretary of the Company shall act as the Secretary of the Committee.</p> <p>3.7 Any former key audit partner of the Group shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.</p> <p>3.8 In the event a member of the Committee resigns, dies or 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 new member(s) as may be necessary to fulfil the MMLR.</p> <p>4. FUNCTIONS & RESPONSIBILITIES OF THE COMMITTEE</p> <p>4.1 In relation to External Auditors</p> <p>(a) To consider the appointment or annual re-appointment of the External Auditors and fix their audit fee, and any question of their resignation or dismissal and the reasons thereof;</p>	<p><u>Practice 9.1, MCCG</u></p> <p><u>Paragraph 15.09(2), MMLR</u></p> <p><u>Paragraph 15.09(1), MMLR</u></p> <p><u>Practice 9.2, MCCG</u></p> <p><u>Paragraph 15.19, MMLR</u></p> <p><u>Paragraph 15.12, MMLR</u></p> <p><u>Practice 9.3, MCCG</u></p>
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	<ul style="list-style-type: none">(b) To run the audit tender process independent of management including establishing objective criteria when assessing appointment of external auditors, to ensure audit quality may not be compromised or that fees are not given undue weight;(c) To discuss with the External Auditors their audit plan, the nature and scope of the audit, evaluation of the Company's systems of internal controls and their audit report on the annual financial statements, including Key Audit Matters;(d) Ensure External Auditors have sufficient understanding of business / operations / risk areas, senior audit team members are sufficiently involved throughout the audit process and the team has the capacity and ability to work in different geographical regions;(e) To assess External Audit firm's measures to uphold audit quality and manage risks including adopting indicators of audit quality;(f) To discuss issues and reservations arising from the interim and final audits with the External Auditors, and any other matters the External Auditors or other consultants may wish to discuss, in the absence of Management, where necessary and in any case at least twice a year;(g) To review the External Auditors' Management letter and Management's response thereon and ensure management provides information and records in a timely manner;(h) Obtain assurance from the External Auditors that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, and that following such annual assessment review and the assurance obtained, the Audit Committee to remain confident of the External Auditor's independence and suitability;(i) To evaluate the performance of External Auditors including reviewing the independence, suitability, objectivity and cost effectiveness, taking into account factors including the competency, adequacy of experience and resources of the firm and professional staff assigned to perform the audit;(j) Ensure that advance approval by the Board of Directors is required for non-audit services provided by the External Auditor, on recommendation of the Audit Committee; and	
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	<p>(k) Review all non-audit services performed by the External Auditors to reinforce the independence and objectivity of the External Auditors.</p> <p>4.2 In relation to the financial statements</p> <p>(a) To review the quarterly and annual financial statements of the Company before submission to the Board of Directors, focussing particularly on:-</p> <ul style="list-style-type: none">(i) Public announcement of the results and dividend payment;(ii) Any changes in accounting policies and practices;(iii) The going concern assumption;(iv) Compliance with approved accounting standards;(v) Compliance with Bursa Securities and legal requirements; and(vi) Significant adjustments arising from the audit. <p>(b) Review all related party transactions, including any conflict of interest situations arising; and</p> <p>(c) Review the Company's annual report prior to submission to the Board for their perusal and approval, to ensure compliance in accordance with the provisions of the Co Act and MMLR, the applicable approved accounting standards and any other laws or regulations which might apply.</p> <p>4.3 In relation to Internal Audit</p> <p>(a) To do the following, in relation to the Internal Audit Function:</p> <ul style="list-style-type: none">(i) Review the adequacy of the scope, functions, competency and resources of the Internal Audit Function, and that it has the necessary authority and resources to carry out its work, including training programs for the staff;(ii) Consider whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;(iii) Review the internal audit plan for the year and findings of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit Function by Management; <p>(b) Ensure the Company's Internal Control Framework is maintained, including periodically reviewing controls, organising self-assessments and ensured effectiveness of the system;</p> <p>(c) Ensure the Company adopts the Standards and Principles outlined in the International Professional Practices Framework (IPPF) of The Institute of Internal Auditors;</p>	<p><u>Practice 11.1 & 11.2, MCCG</u></p>
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	<p>(d) Review and appraise the performance of members of the Internal Audit Function on an annual basis;</p> <p>(e) Approve any appointment and termination of senior staff members of the Internal Audit Function; and</p> <p>(f) Takes cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.</p> <p>4.4 In relation to Corporate Risk Management</p> <p>(a) to review the adequacy of and to provide reasonable assurance to the Board of the effectiveness of risk management functions of the Group; and</p> <p>(b) to ensure that the principal and requirements of managing risk are consistently adopted throughout the Group.</p> <p>4.5 In relation to Internal Control</p> <p>(a) to assess the quality and effectiveness of the systems of the internal control and the efficiency of the Group's operations;</p> <p>(b) to review the findings on the internal control in the Group by internal and external auditors; and</p> <p>(c) to review and approve the Statement on Internal Control for the annual report as required under the MMLR.</p> <p>4.6 In relation to Corporate Governance</p> <p>(a) 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;</p> <p>(b) to review the findings of any examinations by regulatory authorities;</p> <p>(c) 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;</p> <p>(d) to review and approve the Statement of Corporate Governance for the annual report as required under the MMLR;</p> <p>(e) to examine instances and matters that may have compromised the principles of Corporate Governance and report back to the Board;</p> <p>(f) to review the investor relations programme and shareholder communication policy for the Company;</p> <p>(g) to develop and regularly review the Group's Code of Ethics and Conduct;</p> <p>(h) 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 MMLR, the Committee must promptly report such matters to Bursa Securities; and</p> <p>(i) any such other functions as may be agreed by the Committee and the Board.</p>	<p><u>Practice 10.1, MCCG</u></p> <p><u>Practice 10.1, MCCG</u></p>
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	<p>4.7 Other Scope of Work</p> <ul style="list-style-type: none">(a) To consider and review all matters pertaining to ethics, integrity, corruption, abuse of power and other scope covered under the MACC Act 2009 shall be reported to ARMC via channel provided by ULI;(b) To consider and review the appropriateness of any related party transaction and conflict of interest situations that may arise within the Company including ensuring compliance with applicable laws and regulations;(c) To consider major findings of any internal investigations and Management's response thereon;(d) To review the draft circulars with respect to obtaining shareholders' mandate on any Recurrent Related Party Transactions of a Revenue or Trading Nature, before submission to the Board of Directors; and(e) To consider any other topics, as defined by the Board. <p>5. POWERS OF THE AUDIT COMMITTEE</p> <p>5.1 In carrying out its duties and responsibilities, the Committee will have the following rights:</p> <ul style="list-style-type: none">i) Explicit authority to investigate any matter within its terms of reference and to appoint such independent experts or investigator(s), as appropriate and at a reasonable cost.ii) The resources that are required to perform its duties.iii) Full, free and unrestricted access to any information, records, properties and personnel of ULICORP and of any other company within its Group.iv) 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 and to invite outsiders with relevant expertise to attend the Committee's meetings (if required) and to brief the Committee.vi) 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. <p>5.2 The attendance of any particular Committee meeting by other Directors and employees of the Company shall be at the Committee's invitation and discretion, and must be specific to the relevant meeting.</p>	<p><u>Paragraph 15.17, MMLR</u></p>
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	<p>6.8 The Committee may also deal with matters by way of circular resolutions.</p> <p>6.9 All reports, recommendations and findings of the Committee shall be submitted to the Board for approval.</p>	
7.	DISCLOSURE	
	<p>7.1 The Committee shall assist the Board in making the required disclosure concerning the activities of the Committee for inclusion in the Annual Report.</p>	<u>Paragraph 15.15, MMLR</u>
8.	REVIEW OF TERMS OF REFERENCE	
	<p>8.1 These Terms of Reference may be revised or amended from time to time as and when required to meet good corporate governance practices.</p> <p>8.2 All amendments to the Terms of Reference of the Committee must be approved by the Board of the Company.</p> <p>8.3 The Terms of Reference is made available for reference on the Company's website at www.uli.com.my.</p>	<u>Paragraph 15.11, MMLR</u>

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