

PUC BERHAD
(Company No.: 451734 A)
Incorporated in Malaysia

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

Constitution

The Audit Committee was formed pursuant to a resolution passed by the Board of Directors (the “Board“) of PUC Berhad on 27 February 2002, subsequently was renamed as Audit and Risk Management Committee with effect from 23 May 2018.

Membership

The Board from among its members shall appoint the Audit and Risk Management Committee that fulfils the following requirements:-

1. The Audit and Risk Management Committee must be composed of no fewer than 3 members.
2. All the Audit and Risk Management Committee members must be non-executive directors, with a majority of the Audit and Risk Management Committee members must be independent directors.
3. At least one member of the Audit and Risk Management Committee to comply with Rule 15.09(1)(c) of the ACE Market Listing Requirements (“Listing Requirements”).

A former key audit partner should observe a cooling-off period of at least two years before being appointed as a member of the Audit and Risk Management Committee.

If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new member as may be required to make up the minimum number of 3 members.

Objective

The objective of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for the accounting and internal control systems, the financial reporting procedures, the audit process and compliance with Listing Requirements.

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Term of Reference of Audit Committee and Risk Management Committee

Authority

The Committee is authorised by the Board to investigate any activity within its Terms of Reference and shall have adequate resources and unrestricted access to any information from both internal and external auditors and all employees of the Group in performing its duties. The Committee is also authorized by the Board to obtain external legal or other independent professional advice and to invite outsiders with relevant experience to attend, if necessary. The Audit and Risk Management Committee should have direct communication channel with the external auditors and person(s) carrying out the internal audit function or activity.

The Committee is also authorised to convene meetings with external auditors, the internal auditors or both, without other board members and employees present, whenever deemed necessary.

Duties and Responsibilities

The duties and responsibilities of the Audit and Risk Management Committee shall be:-

1. To recommend the nomination of a person or persons as external auditors and review any letter of resignation from external auditors;
2. To review with the external auditors, the audit plan and audit report;
3. To review with the external auditors, his evaluation of the system of internal controls;
4. To review the assistance given by the employees of the Company to the external auditor;
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 plan programme, processes, the results of the internal audit programmed, processes, assessment or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
7. 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;

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- b. significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - c. compliance with accounting standards and other legal requirements;
8. To review any related party transaction and conflict of interest situation that may arise within the listed company or group including any transaction, procedure or course of conduct that raises questions of management integrity; and
 9. To review whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
 10. To assess the suitability, objectivity and independence of the external auditors.

Meetings

Meetings shall be held as and when the Audit and Risk Management Committee deems necessary.

A minimum of two members present shall form a quorum, the majority of members present shall be Independent Non-Executive Directors. In the event that the Chairman is unable to attend a meeting, a member of the Audit and Risk Management Committee shall be nominated as Chairman of the meeting. The nominated Chairman shall be an Independent Director.

The Committee may invite other directors and employees to the meeting to brief the Audit and Risk Management Committee on issues that are incorporated into agenda.

This Terms of Reference was reviewed and approved by the Board on 28 November 2018.