



# **AUDIT COMMITTEE TERMS OF REFERENCE**

UZMA BERHAD  
[Registration No. 200701011861 (769866-V)]  
[Incorporated in Malaysia]

## 1. PRIMARY PURPOSES

The Audit Committee ("Committee") shall:

- a) Provide assistance to the Board of Directors ("Board") in fulfilling its fiduciary responsibilities relating to corporate accounting and practices for the Company and all its wholly and majority-owned subsidiaries ("Group").
- b) Improve the Group's business efficiency, the quality of the accounting function, the system of internal controls and audit function, and strengthen the confidence of the public in the Group's reported results.
- c) Maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.
- d) Enhance the independence of both the external and internal auditors through active participation in the audit process.
- e) Strengthen the role of the independent directors by giving them a greater depth of knowledge about the operations of the Company and the Group through their participation in the Committee.
- f) Act upon the Board's request to investigate and report on any issues or concerns regarding the management of the Group.

## 2. MEMBERS

The Board shall appoint the members of the Committee from amongst themselves, fulfilling the following requirements:

- a) The Committee shall be composed of at least three (3) members.
- b) The majority of the Committee must be independent directors.
- c) The Chairman of the Committee shall be an independent director and shall not be the Chairman of the Board.
- d) All members of the Committee must be non-executive directors.

- e) The Managing Director shall not be a member of the Committee.
- f) All members of the Committee should be financially literate and able to understand matters under the purview of the Committee, including the financial reporting process. All members of the Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices, and rules.
- g) At least one of the members of the Committee must:
  - i. Must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
  - ii. Have at least three (3) years of working experience and;
    - Must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967;
    - Must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
  - iii. Fulfill such other requirements as prescribed or approved by the Exchange.
- h) No alternate director shall be appointed as a member of the Committee.
- i) A member who was a former key audit partner is required to observe a cooling-off period of at least two (2) years before being appointed to the Committee.

### 3. AUTHORITY

The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company:

- a) Have explicit authority to investigate any matter within its terms of reference;
- b) Have the resources required to perform its duties;
- c) Have full and unrestricted access to any information pertaining to the Company or Group;
- d) Have direct communication channels with the external auditors and persons carrying out the

internal audit function;

- e) Be able to obtain independent/external professional or other advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- f) Be able to convene meetings with the external auditors and/or internal auditors, excluding the attendance of the executive members of the Company, whenever deemed necessary.

#### 4. FUNCTIONS AND DUTIES

The functions of the Committee are as follows:

- a) In relation to internal audit function:
  - i. Review the adequacy of the scope, competency, and resources of the internal audit functions and ensure it has the necessary authority to carry out its work;
  - ii. Review the internal audit plan, processes, and results of the internal audit assessments and investigations undertaken, and determine whether appropriate actions are taken on the recommendations of the internal audit function;
  - iii. Review any appraisal or assessment of the performance of members of the internal audit function;
  - iv. Approve any appointment or termination of senior staff members of the internal audit function;
  - v. Take cognizance of the resignation of internal audit staff members and provide the resigning staff member an opportunity to submit their reasons for resigning; and
  - vi. Conduct an annual review and periodic testing of the Company's internal control and risk management framework.
- b) In relation to the external audit function:
  - i. Consider the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal, and determine whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;

- ii. Discuss with the external auditors, before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- iii. Review the quarterly results and year-end financial statements, prior to approval by the Board, focusing particularly on:
  - Any changes in or implementation of major accounting policy and practices;
  - Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - Compliance with accounting standards and other legal requirements.
- iv. Review any management letter sent by the external auditors to the Company and the management's response to such a letter;
- v. Discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- vi. Review the adequacy of existing external auditors' audit arrangements, with particular emphasis on the scope and quality of the audit, and resource capacity;
- vii. Review the external auditors' audit report;
- viii. Review the assistance given by the employees of the Company to the external auditors;
- ix. Review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- x. Discuss with the external auditors, before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- xi. Review the assessment of suitability, objectivity, and independence of external auditors;
- xii. Obtain written assurance from the external auditors confirming 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

- xiii. Review the provision of non-audit services by external auditors.
  
- c) Consider any related party transactions and potential conflict of interest situations that arise, persist, or may arise within the Company/Group, including any transaction, procedure, or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.
  
- d) Consider the major findings of internal investigations and the management's response.
  
- e) Meet with the external auditors without executive Board members present when necessary.
  
- f) Carry out any other function that may be mutually agreed upon by the Committee and the Board, which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.
  
- g) Review and verify the allocation of share options to eligible persons as being in compliance with the by-laws approved by the Board and shareholders of the Company.
  
- h) Report the Committee's actions to the Board with such recommendations as the Committee deems appropriate.
  
- i) Report to Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by the Committee to the Board of the Company that has not been satisfactorily resolved, resulting in a breach of the Bursa Securities Main Market Listing Requirements.

## **5. RETIREMENT AND RESIGNATION**

In the event of any vacancy in the Committee resulting in non-compliance with the paragraphs stated in the 'Members' section above, including the office of the chairmanship, the Company shall fill the vacancy no later than three (3) months.

## **6. MEETINGS**

- a) The Committee shall meet at least four (4) times a year or more frequently as circumstances require, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities.

- b) The quorum for the meeting is two (2) members, both of whom must be Independent Directors.
- c) Upon the request of any Committee member, the external auditors, or the internal auditors, the Chairman of the Committee shall convene a meeting to consider matters that should be brought to the attention of the directors or shareholders.
- d) The external auditors and internal auditors have the right to appear and be heard at any Committee meeting and shall appear before the Committee when required.
- e) The Committee may invite any Board member, management member, or employee of the Company who the Committee deems fit to attend its meetings to assist and provide pertinent information as necessary.
- f) The Company must ensure that other directors and employees attend any particular Audit Committee meeting only at the Committee's invitation, specific to the relevant meeting.

#### **7. PROCEDURES OF THE COMMITTEE**

The Committee may regulate its own procedures, in particular:

- a) The calling of meetings;
- b) The notice to be given of such meetings;
- c) The voting and proceedings of such meetings;
- d) The keeping of minutes; and
- e) The custody, production, and inspection of such minutes.

#### **8. SECRETARY**

The Company Secretary or another appropriate senior official shall serve as the Secretary to the Committee.

#### **9. ANNUAL GENERAL MEETING**

The Chairman of the Committee should attend the Annual General Meeting to answer any

shareholder questions regarding the Committee's activities.

#### **10. REVISION OF THE TERMS OF REFERENCE**

- a) Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval.
- b) Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference, and this Terms of Reference shall be considered duly revised or amended.
- c) The Terms of Reference shall be reviewed and updated regularly, or as and when there are changes to the Recommendations of the Malaysian Code of Corporate Governance, Listing Requirements of Bursa Securities, or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Company that may affect the Committee's role.
- d) The duly revised or amended Terms of Reference shall be uploaded on the Company's website.
- e) This Terms of Reference was viewed and approved by the Board on 23 August 2023.