

# United Malacca Berhad

(Company No. 1319-V)

## AUDIT COMMITTEE

### TERMS OF REFERENCE

(Revised on 27 June 2014)

#### 1. Composition and Terms of Reference

The Audit Committee (AC) was established since 1991 and presently, its members are:-

Mr. Ong Keng Siew  
Chairman, Independent Non-Executive Director

Tan Sri Dato' Ahmad Bin Mohd Don  
Member, Independent Non-Executive Director

Dato Dr. Nik Ramlah Binti Nik Mahmood  
Member, Independent Non-Executive Director

Mr. Tan Jiew Hoe  
Member, Independent Non-Executive Director

#### Composition

- (i) The Audit Committee shall be appointed by the Board of Directors from amongst the Directors and comprise not less than three (3) members. All the Audit Committee members must be non-executive directors, with a majority of them being independent directors.
- (ii) The members of the Audit Committee shall elect the Chairman, who is an Independent Director from among the members.
- (iii) If the number of members for any reason falls below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members required to fulfil the minimum requirement.
- (iv) At least one (1) member of the audit committee:-
  - (a) Must be a member of The Malaysian Institute of Accountants (MIA);  
or

- (b) If he or she is not a member of MIA, he or she must have at least three (3) years' working experience and;
  - (i) must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - (ii) 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
- (c) Fulfills such other requirements as prescribed by or approved by the Bursa Malaysia Securities Berhad.
- (v) No Alternate Director shall be appointed as member of the Audit Committee
- (vi) The members of the Committee must elect the Chairman, who is an independent director from among the members.
- (vii) If the number of members for any reason falls below three, the Board shall, within three months of that event, appoint such number of new members required to fulfill the minimum requirement.

## **2. Objectives**

- (i) The Audit Committee is to serve as a focal point for communication between Directors, External Auditors, Internal Auditor and the Senior Management on matters pertaining to financial accounting, reporting and controls.
- (ii) The Audit Committee is to assist the Board of Directors in fulfilling its fiduciary responsibility as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing of the Group.
- (iii) It is to be the Board's principal agent in ensuring the independence of the Company's External Auditors and the adequacy of disclosures to shareholders.

## **3. Authority**

The Audit Committee shall have the following authority as empowered by the Board of Directors:

- (i) To investigate any activity within its objectives and functions.
- (ii) Unrestricted access to all information and documents relevant to its activities as well as direct communication to External Auditors, Internal Auditor and the Senior Management of the Group.

- (iii) To obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- (iv) The Audit Committee shall have the resources which are required to perform its duties.
- (v) The Audit Committee shall have direct communication channels with the auditors.
- (vi) The Audit Committee shall have the authority to convene meetings with the External Auditors, Internal Auditors or both excluding the attendance of others Directors and employees of the Company, whenever deemed necessary.

#### **4. Functions**

- (i) To keep under review the quality and effectiveness of the accounting and internal control systems as well as the efficiency of the Group's operations.
- (ii) To review the audit plan, scope of examination and audit observations of the External and Internal Auditors and ensure that Management takes appropriate action in respect of the audit observations and the Audit Committee's recommendations.
- (iii) To review the quarterly and annual consolidated financial statement of the Group before submit to the Board of Directors for approval. The review should focus primarily on compliance with accounting standards as well as other regulatory requirements and the adequacy of information disclosure for a fair and full presentation of the financial affairs of the Group.
- (iv) To recommend to the Board the appointment of the External Auditors, the audit fees, other terms of engagement and to consider any letter of resignation from the External Auditors (if any).
- (v) To review and monitor suitability and independence of the external auditors.
- (vi) To approve the appointment of Head of Internal Audit and ensure 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.
- (vii) To review financial information and press releases relating to financial matters of importance.
- (viii) To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conflict that raises questions of Management integrity.

- (ix) To ensure employees of the Company extend their assistance to the External Auditors.
- (x) To meet at least twice a year with the External Auditors in private session to discuss any matters without the presence of Management and any executive members of the Board of Directors.
- (xi) To perform other related duties as directed by the Board of Directors.

## **5. Meeting**

- (i) Meetings shall be held not less than four (4) times a year. The Chairman may call for additional meeting at any time at his discretion.
- (ii) Upon request of the auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the auditor believes should be brought to the attention of the Directors or shareholders.
- (iii) The quorum for a meeting shall be two (2) members and the majority of members present must be Independent Directors.
- (iv) The Chief Executive Officer, Chief Financial Officer, Company Secretary, Internal Auditor and External Auditors shall attend meetings by invitation of the Audit Committee.
- (v) The Chairman of the Audit Committee reports on key issues discussed at each meeting to the Board of Directors.
- (vi) Minutes of each meeting shall be kept and circulated to the members of the Audit Committee and other members of the Board of Directors.
- (vii) The Company Secretary of the Company shall be the Secretary of the Audit Committee.